COLLINS) was added as a cosponsor of S. 3070, a bill to require the Secretary of the Treasury to mint coins in commemoration of the centennial of the Boy Scouts of America, and for other purposes.

S. 3084

At the request of Mrs. BOXER, the name of the Senator from Tennessee (Mr. ALEXANDER) was added as a cosponsor of S. 3084, a bill to amend the Immigration and Nationality Act to authorize certain aliens who have earned a master's or higher degree from a United States institution of higher education in a field of science, technology, engineering, or mathematics to be admitted for permanent residence and for other purposes.

S. 3098

At the request of Mr. ENZI, his name was added as a cosponsor of S. 3098, a bill to amend the Internal Revenue Code of 1986 to extend certain expiring provisions, and for other purposes.

S. 3118

At the request of Mr. GRASSLEY, the names of the Senator from Minnesota (Mr. COLEMAN), the Senator from Alaska (Ms. MURKOWSKI) and the Senator from Alaska (Mr. STEVENS) were added as cosponsors of S. 3118, a bill to amend titles XVIII and XIX of the Social Security Act to preserve beneficiary access to care by preventing a reduction in the Medicare physician fee schedule, to improve the quality of care by advancing value based purchasing, electronic health records, and electronic prescribing, and to maintain and improve access to care in rural areas, and for other purposes.

S. CON. RES. 82

At the request of Mrs. LINCOLN, the names of the Senator from Nebraska (Mr. HAGEL) and the Senator from Wyoming (Mr. BARRASSO) were added as cosponsors of S. Con. Res. 82, a concurrent resolution supporting the Local Radio Freedom Act.

S. CON. RES. 84

At the request of Mrs. BOXER, the name of the Senator from Vermont (Mr. LEAHY) was added as a cosponsor of S. Con. Res. 84, a concurrent resolution honoring the memory of Robert Mondavi.

S. RES. 580

At the request of Mr. BAYH, the names of the Senator from Pennsylvania (Mr. CASEY), the Senator from Idaho (Mr. CRAPO), the Senator from Maine (Ms. SNOWE) and the Senator from Louisiana (Mr. VITTER) were added as cosponsors of S. Res. 580, a resolution expressing the sense of the Senate on preventing Iran from acquiring a nuclear weapons capability.

STATEMENTS ON INTRODUCED BILLS AND JOINT RESOLUTIONS

By Ms. COLLINS:

S. 3119. A bill to stimulate the economy by encouraging energy efficiency, infrastructure and workforce investment, and homeownership retention, and by amending the Internal Revenue Code of 1986 to provide certain business tax relief and incentives, and for other purposes; to the Committee on Finance.

Ms. COLLINS. Mr. President, I rise today to introduce the Economic Recovery Act of 2008. I think it is evident our economy is struggling to overcome the twin effects of record-high energy prices and a steep downturn in the housing market.

Earlier this year, this Congress acted to provide rebates to taxpayers to help them cope with the effects of the downturn in the economy. The hope was also that the impact of these rebate checks would be to stimulate the economy.

It is evident much more needs to be done, so the legislation I am introducing today is aimed at reinvigorating our economy. It is my proposal for a second economic stimulus package.

Over the course of the past several years, we have seen the price of oil climb by more than 400 percent, from about $30 per barrel in 2003, to more than $133 per barrel this morning. This escalation in energy costs threatens to plunge our economy into a recession, and it is imposing a tremendous hardship on middle-income and low-income families, on our truckdrivers, our farmers, our fishermen, our schools, virtually everyone.

Big factories and mills, as well as small businesses, have also been harmed by high energy prices. In fact, a week ago we learned a mill in Millinocket, ME, is going to be forced to shut down because it can no longer afford the oil that is essential to the operations of that paper mill.

We are working with Governor Baldacci to try to find alternatives. But it is a prime example of the tremendously harmful impact high energy prices are having on the economy of our State and indeed States throughout the Nation.

Gasoline is already topping $4 a gallon 2 weeks into the summer driving season. Maine families fear the cost of staying warm next winter because home heating oil prices have reached record highs.

At the same time, the cost of diesel fuel is pushing some of America's independent truckers to the brink of bankruptcy. Consider this astonishing fact. In 1999, a Maine truck driver could go from Augusta, ME, all the way to Albuquerque, NM, on $500 worth of diesel. Today, $500 worth of diesel will not get that truck driver to Altoona, PA. What a difference a few years makes.

Of course, with diesel prices continuing to increase, the problem is only getting worse. Meanwhile, weaknesses in the housing market are making it impossible for millions of Americans to get the financing they need to stay in their homes when their adjustable rate mortgages reset. Many of these families are being forced into foreclosure, leaving behind vacant properties and creating a ripple effect that is pulling down home values even further. This problem hurts communities across the Nation, and it requires an effective Federal response.

The legislation I am introducing today would provide much-needed help to Americans who are struggling with high energy costs and the weak housing market. Let me outline the provisions of the economic stimulus package I am proposing.

First, the Economic Recovery Act proposes a series of initiatives to promote increased energy efficiency that would help consumers save money on their energy bills, and help advance the goal of energy independence for our Nation.

Second, the bill provides relief from truck weight regulations that are injuring truckers in the State of Maine.

Third, it proposes a new program to finance transportation infrastructure that is based on the model of the Build American Bonds Bill.

Fourth, it would increase funding under the Workforce Investment Act so we can help displaced and unemployed or underemployed workers.

Fifth, it proposes tax incentives designed to help America's small businesses.

And, sixth, it would help to restore stability in the housing market by expanding the FHA Secure Program, which would help homeowners refinance mortgages that are in danger of foreclosure.

We have focused a lot on the housing problems and the turmoil in the housing and financial markets. Indeed, that is an important factor in the decline of our economy. As I have indicated, I think more needs to be done. But I am convinced high energy prices are an even greater cause of the economic downturn.

We must act to protect ourselves from rapid increases in oil prices and in the long term achieve energy independence. One way to help achieve both those goals is to encourage greater efficiency. My bill would double the funding for the Department of Energy's Weatherization Program, reaching $1.4 billion by the year 2010.

The bill would also provide $112 million each year for the valuable Energy Star Program, which helps consumers choose energy-efficient appliances, and would extend the renewable electricity tax credit through 2011 and the residential investment tax credit for solar and energy-efficient buildings through 2012.

My bill also includes a $500 credit to consumers who replace their old wood-burning stove with a new, cleaner-burning model using wood or wood pellets. This complements a proposal I introduced in February.

We must take action to address the impact rising diesel prices are having on the trucking industry, which is struggling. The rapid increase in the price of diesel is making it more difficult for our Nation's truckers to stay on the road.

It is also increasing the cost of delivering goods that communities throughout our country rely on. We can help trucks to operate more efficiently if we ease Federal trucking regulations that prohibit trucks that carry more than 80,000 pounds from traveling on the Federal interstate system.

My bill includes a provision that would create a 2-year pilot project that would permit trucks carrying up to 100,000 pounds, which is the weight level that is permitted on Maine's highways, to travel on the Interstate Highway system when diesel prices are at or above $3.50 a gallon. The savings on fuel consumption will benefit the trucking industry, the consumer, and our Nation at a time when we are looking for ways to decrease our dependency on foreign oil.

Let me tell you, the current system simply makes no sense at all. In Maine, the trucks that have 100,000 pounds of cargo are forced to leave the Interstate in Augusta, ME, a road that is built to accommodate the heaviest trucks, and instead are forced to go on secondary roads through towns and villages, stopping at railroad crossings. That wastes fuel, and is less safe than keeping them on the Interstate. The trip takes much longer because they are on secondary and slower roads that often are not the most direct routes to the destination. So that simply makes no sense at all.

Any proposal to stimulate the economy should help to fund transportation infrastructure projects. They are a proven means of fostering economic growth and are a lasting investment; an investment we need.

This past winter has been so difficult and so hard on the roads in Maine. I do not think I have ever seen so many frost heaves and so much wear and tear that the very difficult cold and snowy winter has had on our roads and highways as I have seen this spring in Maine. The legislation I have introduced calls for a $50 billion investment through new transportation bonds for roads, bridges, transit, rail, and waterways.

Now, I wish to give credit where credit is due. This proposal which I put into the economic stimulus package was first introduced by Senator WYDEN. I was very pleased to be a cosponsor of his bill. I have included our proposal as part of this broader package. Not only will this funding serve as the catalyst for thousands of good jobs today, we all know construction jobs are good jobs, but it also will improve our transportation infrastructure, which is critical to economic development over the long term.

This is an investment that makes sense. Many of these transportation projects are ready to go. They only need the funding. We must also act to provide assistance to those who have lost their jobs in this economic downturn. Now, that means extending unemployment compensation benefits. I hope we are going to do that soon. But in addition, we need to invest in our workers.

In the last 4 months, we have seen 340,000 jobs lost across the country. Today, we have more than 1.6 million additional unemployed workers, compared to 2001; 800,000 more than a year ago. The national unemployment rate has jumped to 5.5 percent. In my home State, 33,600 Mainers are looking for work.

In view of this increase in unemployment, it makes no sense whatsoever that the President's budget actually proposes another cut in the Workforce Investment Act. In fact, overall, the President's budget would cut $1.5 billion from the Department of Labor's workforce programs.

We must invest in America's workforce. Yet since fiscal year 2001, funding for the Workforce Investment Act programs has been reduced by nearly $1.7 billion in real terms. My bill would provide $1 billion in additional Workforce Investment Act funding that would enable us to train nearly 300,000 additional workers.

The bill would also increase funding for the Dislocated Workers program and for Youth and Adult training programs. Support for job training, investing in our workers is critical, but it is also important that we provide relief to the job creators in our economy, and that is our small businesses. The fact is, small businesses create 80 percent of the net new jobs in America. During economic downturns, however, they struggle with cash flow and they must forgo investments they need to grow and remain competitive. That is why I am proposing some tax incentives to help small businesses.

First, we should make the Section 179 expensing limit for small companies permanent so they can count on it. Second, we should renew a provision of tax law that allows restaurant owners to depreciate their equipment more quickly, over 15 years.

Finally, we must take action to steady the housing market. More than 50 million Americans hold mortgages at present and, fortunately, most of them are current with their payments. But 7 million of these mortgages are so-called subprime loans, and most of them are adjustable rate mortgages that reset to higher, often unaffordable rates after only 2 or 3 years of very low introductory rates. What we are finding is a lot of first-time homeowners simply did not understand the risk they were taking with subprime loans. As a result, approximately 1.3 million of these 7 million subprime mortgages are delinquent and could soon be in foreclosure. This number is expected to rise as more mortgages reach the reset date.

I am not interested in bailing out speculators, people who took a gamble that housing prices were going to increase. What I am talking about are homeowners who were peddled an unsuitable mortgage product. We need to help them. Foreclosures inflict losses all around—on the families who lose their homes; on the neighborhoods where values fall as empty houses proliferate; on borrowers who face tighter requirements and higher costs, as perceptions of lending risk increase; and on those who work in the construction or real estate industry, dependent on a strong housing market.

One source of help—and this is what I am proposing in my bill—would be to bolster the FHASecure program administered by the Federal Housing Administration. This program allows eligible homeowners to avoid foreclosure by assisting them with refinancing so they can afford to make their mortgage payments. My bill would expand this program to make it easier for lenders to accept voluntary write-downs of distressed mortgages and allow borrowers whose incomes are not sufficient to meet the terms of their existing mortgages to refinance their homes on terms they could afford. My bill also grants the FHA expanded authority to adjust insurance premiums, depending on the individual borrower's risk profile, to ensure the solvency of the FHA insurance fund. These provisions could help FHA reach hundreds of thousands of additional homeowners by the end of the year, and to do so without taxpayer subsidies.

The legislation I am introducing today includes comprehensive proposals that, taken together, would go a long way toward addressing the two factors truly harming our economy—high energy prices and a weakening housing market. I urge my colleagues to work together in a bipartisan way, to look at the ideas that I and others have proposed so we can work together on a second stimulus package to address these concerns and to help restore and strengthen our Nation's economy.

By Mr. BAUCUS:

S. 3125. A bill to amend the Internal Revenue Code of 1986 to extend certain expiring provisions, and for other purposes; to the Committee on Finance.

Mr. BAUCUS. Mr. President, George Bernard Shaw once said: ''If all economists were laid end to end, they would not reach a conclusion.''

Sometimes I feel the same about legislation to extend expiring tax provisions. Sometimes it feels as though that process never reaches a conclusion. Regrettably, Tuesday, the Senate failed to invoke cloture on the motion to proceed to the House-passed renewable energy and tax extenders bill.

Today, we must begin anew the march to a conclusion for the tax extenders package.

Next week, the Senate will face a choice. We'll vote again on getting to the tax extenders bill. We'll vote on allowing the Senate to get to the substitute amendment, the text of which I introduce today. I think that it's a pretty easy choice.

We need to decide whether we will develop new jobs and new medications.

Or, we can continue to allow hedge fund managers to defer, without limitation, their compensation for investing other people's money.

The choice is easy. We must pass this package of expiring provisions. We must reach a conclusion.

Last month, the House passed its renewable energy and tax extenders package, by a vote of 263 to 160. It came over to the Senate last week. My Colleagues on the other side of the aisle objected to moving to the House bill, for which I was prepared to offer a substitute amendment.

Today, I am introducing that substitute amendment as a stand-alone bill. This extender package is fully paid-for. These offsets are fiscally responsible. And these revenue-raising provisions are also sound tax policy.

The first revenue-raising provision is an extension of the effective date of the worldwide allocation of interest. The bill would delay application of the new rule.

This section of the code is scheduled to take effect in 2009.

Many of the companies that will benefit from this provision told me that they would rather have business extenders, including R&D, active financing, and CFC look-through. They prefer those important extenders to a 2009 application of the world wide allocation of interest.

These companies want a conclusion. And, they realize that to get a conclusion, they, along with Congress, must be fiscally responsible and pay for these provisions.

This provision allows Congress to be fiscally responsible and to pay for the priorities of the business community.

The second revenue-raising provision addresses offshore deferred compensation. This provision prevents hedge fund managers from deferring income. This is not an increase in tax on hedge fund managers. Rather, it is a change in the timing of when they have to pay their income tax.

We need to make decisions about our priorities. Is the ability of hedge fund managers to defer taxation of their compensation more important than spurring research and development?

This bill has a solid energy-tax package. It has about $17 billion in incentives for alternative energy, efficiency, and clean coal. This package is important for our environment and energy security. And it's important to facilitate the transition to a carbon-controlled economy.

I have been working to get the Congress to pass a good energy-tax package for the better part of a year. At the beginning of last year, the Finance Committee conducted several hearings. Last June, the Committee marked up a bill to bolster investment in clean energy, efficiency, and clean coal. Our bill—a roughly $30 billion package—passed the Finance Committee with a 15-to-5 vote.

The bill included a 5-year extension of the credit for production of renewable electricity. That credit enjoys strong bipartisan support.

It included 8-year extensions of credits for solar power. Solar power still needs significant subsidies to compete with fossil-based energy.

It included $4 billion in new funds for clean coal tax credits. These credits are needed to demonstrate that coal—which accounts for half of this Nation's electricity—can be burned cleanly.

The bill included a new consumer credit for plug-in hybrids. Already prototypes of plug-in hybrids can go a hundred miles on a gallon of gas.

The bill included a new credit for cellulosic ethanol. Some experts predict that cellulosic ethanol will become the fuel of the future.

Last June's Finance Committee package was largely financed by reducing tax benefits for oil and gas companies. We proposed repealing the manufacturing deduction for oil and gas firms. That raised about $9.4 billion for the package.

We proposed a tax on production in the Gulf of Mexico, with credit for the tax provided to companies paying royalties on that production. This raised more than $10 billion.

We also proposed tightening the rules on tax credits received by oil and gas companies that pay taxes to overseas jurisdictions. This proposal raised about $3.2 billion.

Taken together, these tax changes would have financed about two-thirds of the roughly $30 billion energy-tax package. We argued that the oil and gas offsets were justified, in part because of record-high oil prices. Recall that in 2005, President Bush said, ''With $55 (a barrel) oil we don't need incentives to oil and gas companies to explore.''

When the Finance Committee passed this energy-tax bill, oil traded at $69 a barrel.

After moving the bill through the Finance Committee, Senator GRASSLEY and I offered that measure on the Senate floor. We offered it as an amendment to the energy policy bill.

But our amendment got 57 votes on the floor, 3 shy of the 60 votes that we needed to break a filibuster.

The objections, almost entirely from the other side, were that the bill would increase energy prices. They argued that our bill unreasonably targeted the oil and gas industry. They argued that the package was simply too big.

So we went back to the drawing board. In negotiations with the House, we cut the size of the energy package by about a third. We dropped the $10 billion tax on Gulf production. We retained repeal of the manufacturing deduction for large oil and gas firms, and the provision to tighten loopholes on foreign tax credits for oil and gas companies. And we also included nearly $7 billion in offsets from President Bush's own budget proposal.

That's right. About one-third of the package that came to the Senate floor in December was offset by items taken directly from proposals offered by President Bush in his 2008 budget.

Even though we cut the package by about a third, the bill still maintained meaningful support for alternative energy and efficiency. It included extension of the renewable energy production credit. It included long-term extensions of credits for solar power. It included $2 billion for clean-coal projects. And it included a new consumer incentive for plug-in hybrid cars.

It was not as ambitious as the June 2007 Finance Committee bill. But the compromise product that came to the Senate floor in December was a very good package.

Nonetheless, the President issued a veto threat on the bill. And 40 Senators followed his lead. On December 12, 2007, the compromise package failed in the Senate by a vote of 59 to 40, just one shy of 60 needed to break yet another filibuster.

Faced with the choice of maintaining tax breaks for oil and gas companies and investing in a fledgling alternative energy industry, the Senate minority chose to protect the oil and gas companies.

Faced with the choice of investing in green-collar jobs or maintaining the status quo on energy, the minority chose the status quo.

Remember the President's assertion that tax breaks were not needed when oil traded at $55 a barrel? Well, when the Senate voted on the energy package on December 13, 2007, oil cost more than $92 a barrel.

So where are we now? Vital new energy-tax provisions—such as incentives for plug-in hybrid vehicles—have not become law. Existing incentives—such as those for energy-efficient appliances—have lapsed. And in less than 7 months, many others will lapse, including the renewable energy production credit, solar credits, incentives for efficient buildings, and credits for biofuels.

So what do we do about it? To paraphrase Thomas Edison, ''I have not failed. I've just found two ways that won't work.''

I hope that this attempt will work. The bill that I introduce today, and on which I hope the Senate can vote next week, includes a robust energy package. It is very similar to that negotiated with the House last year. It is very similar to the one that got 59 votes in the Senate.

Like last year's bills, this package includes long-term extensions of renewable energy credits. It includes major funding for clean coal projects. It includes a new incentive for plug-in hybrids. And it includes extensions of vital incentives to promote energy efficiency.

This $17 billion energy package is slightly smaller than last December's. But it's still critically important to our Nation's energy future.

There is a key difference between this year's package and last year's: the offsets. In response to criticisms of the oil and gas offsets and the President's veto threat, we have dropped proposals to repeal oil and gas tax breaks.

Instead, we have included two offsets that have nothing to do with oil and gas. In fact, they have nothing to do with energy. They are simply good policy. And they have broad support.

The bill also extends provisions that offer tax benefits to individuals and businesses. One such provision is the teacher expense deduction.

Our schools are in desperate need of repair. Our students don't have the books or supplies they need. Some teachers have taken it upon themselves to use money from their own pockets to provide classroom supplies for their students.

In 2005 alone, more than 3.4 million families took the teacher expense deduction. The average salary for a teacher is about $38,000.

This says a lot about this profession's dedication to educating America's youth. These teachers work diligently to make sure that America stays competitive in this global economy by educating our children. And yet they pay out of their own pockets for supplies. The least we can do is to help share the cost.

Another provision that is important to American families is the qualified tuition deduction. Tuition costs have long been increasing faster than inflation. Parents and students worry about how to cover these escalating costs.

4.4 million families took the qualified tuition deduction in 2005. But the provision expired at the end of 2007.

The bill that I introduce today has other important benefits. Millions of families get tax relief from these expiring provisions and will suffer without this legislation.

Businesses will also suffer if Congress does not act. Many of the business provisions contained in the extenders package are crucial in allowing U.S.-based multinational corporations to compete effectively in a global economy.

America accounts for a third of the world's spending on scientific research and development, ranking first among all countries. This is impressive. But relative to the size of our economy, America is in sixth place. And the trends show that maintaining American leadership in the future depends on increased commitment to research and science.

Asia has recognized this. Spending on research and development has increased by 140 percent in China, Korea, and Taiwan. In America, it has increased by only 34 percent.

Asia's commitment is already paying off. More than a hundred Fortune 500 companies have opened research centers in India and China. I have visited some of them. I was impressed with the level of skill of the workers I met there.

There are workers in other countries who seek coveted research positions. Ireland, Poland, and other European countries would like American corporations to shift their R&D operations to their countries. Some of these countries offer incredible tax and non-tax benefits.

Yet our R&D tax credit expired on December 31. American corporations are at a competitive disadvantage. They are unsure if they will be able to obtain the benefit of the credit this year. And they need to plan for the future.

We need to pass an extenders package that allows American companies to take the credit as soon as possible.

American businesses need the R&D tax credit to compete in a global economy. The R&D tax credit gives companies an incentive to begin or continue research here in America. These jobs pay well and result in the creation of intellectual property.

We want these jobs. And we want the intellectual property to be created in our country.

American financial services companies successfully compete in world financial markets. We need to make sure, however, that the U.S. tax rules do not change that.

This legislation will extend the active financing exception to Subpart F. This provision preserves the international competitiveness of American-based financial services companies. This provision also contains appropriate safeguards to ensure that only truly active businesses benefit.

The active financing exception applies to active financial service income earned abroad by American financial services companies or American manufacturing firms with a financial services operation. The exception makes sure that this income is not subject to U.S. tax until that income is brought home to the U.S.

This provision will put the American financial services industry on an equal footing with foreign-based competitors who are not taxed on active financial services income.

There are several other provisions in this bill that encourage businesses to invest in this country. There are provisions that will help American businesses compete in a global economy. We must extend these provisions as soon as possible.

Finally, my bill will provide an AMT patch for 2008. The provision is not offset, because we recognize the reality of the budget constraints we face. We need to get this done. This is an important provision to the American families.

The patch will hold the number of people subject to the AMT at 4.2 million. As a result, over 20 million taxpayers will avoid the AMT next year.

The choice is easy. We should continue to support teachers, families and schools. We should continue to support the creation of jobs and intellectual property. That is why I urge my Colleagues to support this fully offset package.

Which is more important, Mr. President? 11 million families who take the state and local tax deduction, or a few hundred hedge fund managers?

Which is more important? 3.5 million teachers who pay out of their pocket for school supplies, or a few hundred hedge fund managers?

4.5 million families who struggle to pay for college tuition, or a few hundred hedge fund managers?

It is time to reach a conclusion. You can lay all the extenders bills end to end. But I submit that the best conclusion is the extenders package that I introduce today and that the Senate will try to get to next week. I urge my Colleagues to support the motion to invoke cloture on the motion to proceed.

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

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

S. 3125

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

SECTION 1. SHORT TITLE, ETC.

(a) SHORT TITLE.—This Act may be cited as the ''Energy Independence and Tax Relief Act of 2008''.

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

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

TITLE I—ENERGY TAX INCENTIVES

Subtitle A—Energy Production Incentives

PART I—RENEWABLE ENERGY INCENTIVES

SEC. 101. RENEWABLE ENERGY CREDIT.

(a) EXTENSION OF CREDIT.—

(1) 1-YEAR EXTENSION FOR WIND FACILITIES.—Paragraph (1) of section 45(d) is amended by striking ''January 1, 2009'' and inserting ''January 1, 2010''.

(2) 3-YEAR EXTENSION FOR CERTAIN OTHER FACILITIES.—Each of the following provisions of section 45(d) is amended by striking ''January 1, 2009'' and inserting ''January 1, 2012'':

(A) Clauses (i) and (ii) of paragraph (2)(A).

(B) Clauses (i)(I) and (ii) of paragraph (3)(A).

(C) Paragraph (4).

(D) Paragraph (5).

(E) Paragraph (6).

(F) Paragraph (7).

(G) Subparagraphs (A) and (B) of paragraph (9).

(b) MODIFICATION OF CREDIT PHASEOUT.—

(1) REPEAL OF PHASEOUT.—Subsection (b) of section 45 is amended—

(A) by striking paragraph (1), and

(B) by striking ''the 8 cent amount in paragraph (1),'' in paragraph (2) thereof.

(2) LIMITATION BASED ON INVESTMENT IN FACILITY.—Subsection (b) of section 45 is amended by inserting before paragraph (2) the following new paragraph:

''(1) LIMITATION BASED ON INVESTMENT IN FACILITY.—

''(A) IN GENERAL.—In the case of any qualified facility originally placed in service after December 31, 2009, the amount of the credit determined under subsection (a) for any taxable year with respect to electricity produced at such facility shall not exceed the product of—

''(i) the applicable percentage with respect to such facility, multiplied by

''(ii) the eligible basis of such facility.

''(B) CARRYFORWARD OF UNUSED LIMITATION AND EXCESS CREDIT.—

''(i) UNUSED LIMITATION.—If the limitation imposed under subparagraph (A) with respect to any facility for any taxable year exceeds the prelimitation credit for such facility for such taxable year, the limitation imposed under subparagraph (A) with respect to such facility for the succeeding taxable year shall be increased by the amount of such excess.

''(ii) EXCESS CREDIT.—If the prelimitation credit with respect to any facility for any taxable year exceeds the limitation imposed under subparagraph (A) with respect to such facility for such taxable year, the credit determined under subsection (a) with respect to such facility for the succeeding taxable year (determined before the application of subparagraph (A) for such succeeding taxable year) shall be increased by the amount of such excess. With respect to any facility, no amount may be carried forward under this clause to any taxable year beginning after the 10-year period described in subsection (a)(2)(A)(ii) with respect to such facility.

''(iii) PRELIMITATION CREDIT.—The term 'prelimitation credit' with respect to any facility for a taxable year means the credit determined under subsection (a) with respect to such facility for such taxable year, determined without regard to subparagraph (A) and after taking into account any increase for such taxable year under clause (ii).

''(C) APPLICABLE PERCENTAGE.—For purposes of this paragraph—

''(i) IN GENERAL.—The term 'applicable percentage' means, with respect to any facility, the appropriate percentage prescribed by the Secretary for the month in which such facility is originally placed in service.

''(ii) METHOD OF PRESCRIBING APPLICABLE PERCENTAGES.—The applicable percentages

prescribed by the Secretary for any month under clause (i) shall be percentages which yield over a 10-year period amounts of limitation under subparagraph (A) which have a present value equal to 35 percent of the eligible basis of the facility.

''(iii) METHOD OF DISCOUNTING.—The present value under clause (ii) shall be determined—

''(I) as of the last day of the 1st year of the 10-year period referred to in clause (ii),

''(II) by using a discount rate equal to the greater of 110 percent of the Federal long-term rate as in effect under section 1274(d) for the month preceding the month for which the applicable percentage is being prescribed, or 4.5 percent, and

''(III) by taking into account the limitation under subparagraph (A) for any year on the last day of such year.

''(D) ELIGIBLE BASIS.—For purposes of this paragraph—

''(i) IN GENERAL.—The term 'eligible basis' means, with respect to any facility, the sum of—

''(I) the basis of such facility determined as of the time that such facility is originally placed in service, and

''(II) the portion of the basis of any shared qualified property which is properly allocable to such facility under clause (ii).

''(ii) RULES FOR ALLOCATION.—For purposes of subclause (II) of clause (i), the basis of shared qualified property shall be allocated among all qualified facilities which are projected to be placed in service and which require utilization of such property in proportion to projected generation from such facilities.

''(iii) SHARED QUALIFIED PROPERTY.—For purposes of this paragraph, the term 'shared qualified property' means, with respect to any facility, any property described in section 168(e)(3)(B)(vi)—

''(I) which a qualified facility will require for utilization of such facility, and

''(II) which is not a qualified facility.

''(iv) SPECIAL RULE RELATING TO GEOTHERMAL FACILITIES.—In the case of any qualified facility using geothermal energy to produce electricity, the basis of such facility for purposes of this paragraph shall be determined as though intangible drilling and development costs described in section 263(c) were capitalized rather than expensed.

''(E) SPECIAL RULE FOR FIRST AND LAST YEAR OF CREDIT PERIOD.—In the case of any taxable year any portion of which is not within the 10-year period described in subsection (a)(2)(A)(ii) with respect to any facility, the amount of the limitation under subparagraph (A) with respect to such facility shall be reduced by an amount which bears the same ratio to the amount of such limitation (determined without regard to this subparagraph) as such portion of the taxable year which is not within such period bears to the entire taxable year.

''(F) ELECTION TO TREAT ALL FACILITIES PLACED IN SERVICE IN A YEAR AS 1 FACILITY.—At the election of the taxpayer, all qualified facilities which are part of the same project and which are placed in service during the same calendar year shall be treated for purposes of this section as 1 facility which is placed in service at the mid-point of such year or the first day of the following calendar year.''.

(c) TRASH FACILITY CLARIFICATION.—Paragraph (7) of section 45(d) is amended—

(1) by striking ''facility which burns'' and inserting ''facility (other than a facility described in paragraph (6)) which uses'', and

(2) by striking ''COMBUSTION''.

(d) EXPANSION OF BIOMASS FACILITIES.—

(1) OPEN-LOOP BIOMASS FACILITIES.—Paragraph (3) of section 45(d) is amended by redesignating subparagraph (B) as subparagraph (C) and by inserting after subparagraph (A) the following new subparagraph:

''(B) EXPANSION OF FACILITY.—Such term shall include a new unit placed in service after the date of the enactment of this subparagraph in connection with a facility described in subparagraph (A), but only to the extent of the increased amount of electricity produced at the facility by reason of such new unit.''.

(2) CLOSED-LOOP BIOMASS FACILITIES.—Paragraph (2) of section 45(d) is amended by redesignating subparagraph (B) as subparagraph (C) and inserting after subparagraph (A) the following new subparagraph:

''(B) EXPANSION OF FACILITY.—Such term shall include a new unit placed in service after the date of the enactment of this subparagraph in connection with a facility described in subparagraph (A)(i), but only to the extent of the increased amount of electricity produced at the facility by reason of such new unit.''.

(e) SALES OF NET ELECTRICITY TO REGULATED PUBLIC UTILITIES TREATED AS SALES TO UNRELATED PERSONS.—Paragraph (4) of section 45(e) is amended by adding at the end the following new sentence: ''The net amount of electricity sold by any taxpayer to a regulated public utility (as defined in section 7701(a)(33)) shall be treated as sold to an unrelated person.''.

(f) MODIFICATION OF RULES FOR HYDROPOWER PRODUCTION.—Subparagraph (C) of section 45(c)(8) is amended to read as follows:

''(C) NONHYDROELECTRIC DAM.—For purposes of subparagraph (A), a facility is described in this subparagraph if—

''(i) the hydroelectric project installed on the nonhydroelectric dam is licensed by the Federal Energy Regulatory Commission and meets all other applicable environmental, licensing, and regulatory requirements,

''(ii) the nonhydroelectric dam was placed in service before the date of the enactment of this paragraph and operated for flood control, navigation, or water supply purposes and did not produce hydroelectric power on the date of the enactment of this paragraph, and

''(iii) the hydroelectric project is operated so that the water surface elevation at any given location and time that would have occurred in the absence of the hydroelectric project is maintained, subject to any license requirements imposed under applicable law that change the water surface elevation for the purpose of improving environmental quality of the affected waterway.

The Secretary, in consultation with the Federal Energy Regulatory Commission, shall certify if a hydroelectric project licensed at a nonhydroelectric dam meets the criteria in clause (iii). Nothing in this section shall affect the standards under which the Federal Energy Regulatory Commission issues licenses for and regulates hydropower projects under part I of the Federal Power Act.''.

(g) EFFECTIVE DATE.—

(1) IN GENERAL.—Except as otherwise provided in this subsection, the amendments made by this section shall apply to property originally placed in service after December 31, 2008.

(2) REPEAL OF CREDIT PHASEOUT.—The amendments made by subsection (b)(1) shall apply to taxable years ending after December 31, 2008.

(3) LIMITATION BASED ON INVESTMENT IN FACILITY.—The amendment made by subsection (b)(2) shall apply to property originally placed in service after December 31, 2009.

(4) TRASH FACILITY CLARIFICATION; SALES TO RELATED REGULATED PUBLIC UTILITIES.—The amendments made by subsections (c) and (e) shall apply to electricity produced and sold after the date of the enactment of this Act.

(5) EXPANSION OF BIOMASS FACILITIES.—The amendments made by subsection (d) shall apply to property placed in service after the date of the enactment of this Act.

SEC. 102. PRODUCTION CREDIT FOR ELECTRICITY PRODUCED FROM MARINE RENEWABLES.

(a) IN GENERAL.—Paragraph (1) of section 45(c) 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) marine and hydrokinetic renewable energy.''.

(b) MARINE RENEWABLES.—Subsection (c) of section 45 is amended by adding at the end the following new paragraph:

''(10) MARINE AND HYDROKINETIC RENEWABLE ENERGY.—

''(A) IN GENERAL.—The term 'marine and hydrokinetic renewable energy' means energy derived from—

''(i) waves, tides, and currents in oceans, estuaries, and tidal areas,

''(ii) free flowing water in rivers, lakes, and streams,

''(iii) free flowing water in an irrigation system, canal, or other man-made channel, including projects that utilize nonmechanical structures to accelerate the flow of water for electric power production purposes, or

''(iv) differentials in ocean temperature (ocean thermal energy conversion).

''(B) EXCEPTIONS.—Such term shall not include any energy which is derived from any source which utilizes a dam, diversionary structure (except as provided in subparagraph (A)(iii)), or impoundment for electric power production purposes.''.

(c) DEFINITION OF FACILITY.—Subsection (d) of section 45 is amended by adding at the end the following new paragraph:

''(11) MARINE AND HYDROKINETIC RENEWABLE ENERGY FACILITIES.—In the case of a facility producing electricity from marine and hydrokinetic renewable energy, the term 'qualified facility' means any facility owned by the taxpayer—

''(A) which has a nameplate capacity rating of at least 150 kilowatts, and

''(B) which is originally placed in service on or after the date of the enactment of this paragraph and before January 1, 2012.''.

(d) CREDIT RATE.—Subparagraph (A) of section 45(b)(4) is amended by striking ''or (9)'' and inserting ''(9), or (11)''.

(e) COORDINATION WITH SMALL IRRIGATION POWER.—Paragraph (5) of section 45(d), as amended by section 101, is amended by striking ''January 1, 2012'' and inserting ''the date of the enactment of paragraph (11)''.

(f) EFFECTIVE DATE.—The amendments made by this section shall apply to electricity produced and sold after the date of the enactment of this Act, in taxable years ending after such date.

SEC. 103. ENERGY CREDIT.

(a) EXTENSION OF CREDIT.—

(1) SOLAR ENERGY PROPERTY.—Paragraphs (2)(A)(i)(II) and (3)(A)(ii) of section 48(a) are each amended by striking ''January 1, 2009'' and inserting ''January 1, 2015''.

(2) FUEL CELL PROPERTY.—Subparagraph (E) of section 48(c)(1) is amended by striking ''December 31, 2008'' and inserting ''December 31, 2014''.

(3) MICROTURBINE PROPERTY.—Subparagraph (E) of section 48(c)(2) is amended by striking ''December 31, 2008'' and inserting ''December 31, 2014''.

(b) ALLOWANCE OF ENERGY CREDIT AGAINST ALTERNATIVE MINIMUM TAX.—Subparagraph (B) of section 38(c)(4) is amended by striking ''and'' at the end of clause (iii), by redesignating clause (iv) as clause (v), and by inserting after clause (iii) the following new clause:

''(iv) the credit determined under section 46 to the extent that such credit is attributable to the energy credit determined under section 48, and''.

(c) ENERGY CREDIT FOR COMBINED HEAT AND POWER SYSTEM PROPERTY.—

(1) 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,''.

(2) COMBINED HEAT AND POWER SYSTEM PROPERTY.—Section 48 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 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),

''(C) the energy efficiency percentage of which exceeds 60 percent, and

''(D) which is placed in service before January 1, 2015.

''(2) LIMITATION.—

''(A) IN GENERAL.—In the case of combined heat and power system property with an electrical capacity in excess of the applicable capacity placed in service during the taxable year, the credit under subsection (a)(1) (determined without regard to this paragraph) for such year shall be equal to the amount which bears the same ratio to such credit as the applicable capacity bears to the capacity of such property.

''(B) APPLICABLE CAPACITY.—For purposes of subparagraph (A), the term 'applicable capacity' means 15 megawatts or a mechanical energy capacity of more than 20,000 horsepower or an equivalent combination of electrical and mechanical energy capacities.

''(C) MAXIMUM CAPACITY.—The term 'combined heat and power system property' shall not include any property comprising a system if such system has a capacity in excess of 50 megawatts or a mechanical energy capacity in excess of 67,000 horsepower or an equivalent combination of electrical and mechanical energy capacities.

''(3) 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)(B) 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.

''(4) 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)(C) 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.''.

(d) INCREASE OF CREDIT LIMITATION FOR FUEL CELL PROPERTY.—Subparagraph (B) of section 48(c)(1) is amended by striking ''$500'' and inserting ''$1,500''.

(e) PUBLIC UTILITY PROPERTY TAKEN INTO ACCOUNT.—

(1) IN GENERAL.—Paragraph (3) of section 48(a) is amended by striking the second sentence thereof.

(2) CONFORMING AMENDMENTS.—

(A) Paragraph (1) of section 48(c) is amended by striking subparagraph (D) and redesignating subparagraph (E) as subparagraph (D).

(B) Paragraph (2) of section 48(c) is amended by striking subparagraph (D) and redesignating subparagraph (E) as subparagraph (D).

(f) EFFECTIVE DATE.—

(1) IN GENERAL.—Except as otherwise provided in this subsection, the amendments made by this section shall take effect on the date of the enactment of this Act.

(2) ALLOWANCE AGAINST ALTERNATIVE MINIMUM TAX.—The amendments made by subsection (b) shall apply to credits determined under section 46 of the Internal Revenue Code of 1986 in taxable years beginning after the date of the enactment of this Act and to carrybacks of such credits.

(3) COMBINED HEAT AND POWER AND FUEL CELL PROPERTY.—The amendments made by subsections (c) and (d) 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).

(4) PUBLIC UTILITY PROPERTY.—The amendments made by subsection (e) shall apply to periods after February 13, 2008, 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. 104. CREDIT FOR RESIDENTIAL ENERGY EFFICIENT PROPERTY.

(a) EXTENSION.—Section 25D(g) 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) 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 ''$13,333''.

(c) CREDIT FOR RESIDENTIAL WIND PROPERTY.—

(1) IN GENERAL.—Section 25D(a) 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.''.

(2) LIMITATION.—Section 25D(b)(1) is amended by striking ''and'' at the end of subparagraph (B), by striking the period at the end of subparagraph (C) 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.''.

(3) QUALIFIED SMALL WIND ENERGY PROPERTY EXPENDITURES.—

(A) IN GENERAL.—Section 25D(d) 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.''.

(B) NO DOUBLE BENEFIT.—Section 45(d)(1) 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.''.

(4) MAXIMUM EXPENDITURES IN CASE OF JOINT OCCUPANCY.—Section 25D(e)(4)(A) is amended by striking ''and'' at the end of clause (ii), by striking the period at the end of clause (iii) and inserting '', and'', and by adding at the end the following new clause:

''(iv) $1,667 in the case of each half kilowatt of capacity (not to exceed $13,333) of wind turbines for which qualified small wind energy property expenditures are made.''.

(d) CREDIT FOR GEOTHERMAL HEAT PUMP SYSTEMS.—

(1) IN GENERAL.—Section 25D(a), as amended by subsection (c), 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) 30 percent of the qualified geothermal heat pump property expenditures made by the taxpayer during such year.''.

(2) LIMITATION.—Section 25D(b)(1), as amended by subsection (c), is amended by striking ''and'' at the end of subparagraph (C), by striking the period at the end of subparagraph (D) and inserting '', and'', and by adding at the end the following new subparagraph:

''(E) $2,000 with respect to any qualified geothermal heat pump property expenditures.''.

(3) QUALIFIED GEOTHERMAL HEAT PUMP PROPERTY EXPENDITURE.—Section 25D(d), as amended by subsection (c), is amended by adding at the end the following new paragraph:

''(5) QUALIFIED GEOTHERMAL HEAT PUMP PROPERTY EXPENDITURE.—

''(A) IN GENERAL.—The term 'qualified geothermal heat pump property expenditure' means an expenditure for qualified geothermal heat pump property installed on or in connection with a dwelling unit located in the United States and used as a residence by the taxpayer.

''(B) QUALIFIED GEOTHERMAL HEAT PUMP PROPERTY.—The term 'qualified geothermal heat pump property' means any equipment which—

''(i) uses the ground or ground water as a thermal energy source to heat the dwelling unit referred to in subparagraph (A) or as a thermal energy sink to cool such dwelling unit, and

''(ii) meets the requirements of the Energy Star program which are in effect at the time

that the expenditure for such equipment is made.''.

(4) MAXIMUM EXPENDITURES IN CASE OF JOINT OCCUPANCY.—Section 25D(e)(4)(A), as amended by subsection (c), 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) $6,667 in the case of any qualified geothermal heat pump property expenditures.''.

(e) CREDIT ALLOWED AGAINST ALTERNATIVE MINIMUM TAX.—

(1) IN GENERAL.—Subsection (c) of section 25D is amended to read as follows:

''(c) LIMITATION BASED ON AMOUNT OF TAX; CARRYFORWARD OF UNUSED CREDIT.—

''(1) LIMITATION BASED ON AMOUNT OF TAX.—In the case of a taxable year to which section 26(a)(2) does not apply, the credit allowed under subsection (a) for the taxable year shall not exceed the excess of—

''(A) the sum of the regular tax liability (as defined in section 26(b)) plus the tax imposed by section 55, over

''(B) the sum of the credits allowable under this subpart (other than this section) and section 27 for the taxable year.

''(2) CARRYFORWARD OF UNUSED CREDIT.—

''(A) RULE FOR YEARS IN WHICH ALL PERSONAL CREDITS ALLOWED AGAINST REGULAR AND ALTERNATIVE MINIMUM TAX.—In the case of a taxable year to which section 26(a)(2) applies, if the credit allowable under subsection (a) exceeds the limitation imposed by section 26(a)(2) for such taxable year reduced by the sum of the credits allowable under this subpart (other than this section), such excess shall be carried to the succeeding taxable year and added to the credit allowable under subsection (a) for such succeeding taxable year.

''(B) RULE FOR OTHER YEARS.—In the case of a taxable year to which section 26(a)(2) does not apply, if the credit allowable under subsection (a) exceeds the limitation imposed by paragraph (1) for such taxable year, such excess shall be carried to the succeeding taxable year and added to the credit allowable under subsection (a) for such succeeding taxable year.''.

(2) CONFORMING AMENDMENTS.—

(A) Section 23(b)(4)(B) is amended by inserting ''and section 25D'' after ''this section''.

(B) Section 24(b)(3)(B) is amended by striking ''and 25B'' and inserting '', 25B, and 25D''.

(C) Section 25B(g)(2) is amended by striking ''section 23'' and inserting ''sections 23 and 25D''.

(D) Section 26(a)(1) is amended by striking ''and 25B'' and inserting ''25B, and 25D''.

(f) EFFECTIVE DATE.—

(1) IN GENERAL.—The amendments made by this section shall apply to taxable years beginning after December 31, 2007.

(2) APPLICATION OF EGTRRA SUNSET.—The amendments made by subparagraphs (A) and (B) of subsection (e)(2) shall be subject to title IX of the Economic Growth and Tax Relief Reconciliation Act of 2001 in the same manner as the provisions of such Act to which such amendments relate.

SEC. 105. SPECIAL RULE TO IMPLEMENT FERC AND STATE ELECTRIC RESTRUCTURING POLICY.

(a) EXTENSION FOR QUALIFIED ELECTRIC UTILITIES.—

(1) IN GENERAL.—Paragraph (3) of section 451(i) is amended by inserting ''(before January 1, 2010, in the case of a qualified electric utility)'' after ''January 1, 2008''.

(2) QUALIFIED ELECTRIC UTILITY.—Subsection (i) of section 451 is amended by redesignating paragraphs (6) through (10) as paragraphs (7) through (11), respectively, and by inserting after paragraph (5) the following new paragraph:

''(6) QUALIFIED ELECTRIC UTILITY.—For purposes of this subsection, the term 'qualified electric utility' means a person that, as of the date of the qualifying electric transmission transaction, is vertically integrated, in that it is both—

''(A) a transmitting utility (as defined in section 3(23) of the Federal Power Act (16 U.S.C. 796(23))) with respect to the transmission facilities to which the election under this subsection applies, and

''(B) an electric utility (as defined in section 3(22) of the Federal Power Act (16 U.S.C. 796(22))).''.

(b) EXTENSION OF PERIOD FOR TRANSFER OF OPERATIONAL CONTROL AUTHORIZED BY FERC.—Clause (ii) of section 451(i)(4)(B) is amended by striking ''December 31, 2007'' and inserting ''the date which is 4 years after the close of the taxable year in which the transaction occurs''.

(c) PROPERTY LOCATED OUTSIDE THE UNITED STATES NOT TREATED AS EXEMPT UTILITY PROPERTY.—Paragraph (5) of section 451(i) is amended by adding at the end the following new subparagraph:

''(C) EXCEPTION FOR PROPERTY LOCATED OUTSIDE THE UNITED STATES.—The term 'exempt utility property' shall not include any property which is located outside the United States.''.

(d) EFFECTIVE DATES.—

(1) EXTENSION.—The amendments made by subsection (a) shall apply to transactions after December 31, 2007.

(2) TRANSFERS OF OPERATIONAL CONTROL.—The amendment made by subsection (b) shall take effect as if included in section 909 of the American Jobs Creation Act of 2004.

(3) EXCEPTION FOR PROPERTY LOCATED OUTSIDE THE UNITED STATES.—The amendment made by subsection (c) shall apply to transactions after the date of the enactment of this Act.

SEC. 106. NEW CLEAN RENEWABLE ENERGY BONDS.

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

''SEC. 54C. NEW CLEAN RENEWABLE ENERGY BONDS.

''(a) NEW CLEAN RENEWABLE ENERGY BOND.—For purposes of this subpart, the term 'new clean renewable energy bond' means any bond issued as part of an issue if—

''(1) 100 percent of the available project proceeds of such issue are to be used for capital expenditures incurred by governmental bodies, public power providers, or cooperative electric companies for one or more qualified renewable energy facilities,

''(2) the bond is issued by a qualified issuer, and

''(3) the issuer designates such bond for purposes of this section.

''(b) REDUCED CREDIT AMOUNT.—The annual credit determined under section 54A(b) with respect to any new clean renewable energy bond shall be 70 percent of the amount so determined without regard to this subsection.

''(c) LIMITATION ON AMOUNT OF BONDS DESIGNATED.—

''(1) IN GENERAL.—The maximum aggregate face amount of bonds which may be designated under subsection (a) by any issuer shall not exceed the limitation amount allocated under this subsection to such issuer.

''(2) NATIONAL LIMITATION ON AMOUNT OF BONDS DESIGNATED.—There is a national new clean renewable energy bond limitation of $2,000,000,000 which shall be allocated by the Secretary as provided in paragraph (3), except that—

''(A) not more than 33⅓ percent thereof may be allocated to qualified projects of public power providers,

''(B) not more than 33⅓ percent thereof may be allocated to qualified projects of governmental bodies, and

''(C) not more than 33⅓ percent thereof may be allocated to qualified projects of cooperative electric companies.

''(3) METHOD OF ALLOCATION.—

''(A) ALLOCATION AMONG PUBLIC POWER PROVIDERS.—After the Secretary determines the qualified projects of public power providers which are appropriate for receiving an allocation of the national new clean renewable energy bond limitation, the Secretary shall, to the maximum extent practicable, make allocations among such projects in such manner that the amount allocated to each such project bears the same ratio to the cost of such project as the limitation under paragraph (2)(A) bears to the cost of all such projects.

''(B) ALLOCATION AMONG GOVERNMENTAL BODIES AND COOPERATIVE ELECTRIC COMPANIES.—The Secretary shall make allocations of the amount of the national new clean renewable energy bond limitation described in paragraphs (2)(B) and (2)(C) among qualified projects of governmental bodies and cooperative electric companies, respectively, in such manner as the Secretary determines appropriate.

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

''(1) QUALIFIED RENEWABLE ENERGY FACILITY.—The term 'qualified renewable energy facility' means a qualified facility (as determined under section 45(d) without regard to paragraphs (8) and (10) thereof and to any placed in service date) owned by a public power provider, a governmental body, or a cooperative electric company.

''(2) PUBLIC POWER PROVIDER.—The term 'public power provider' means a State utility with a service obligation, as such terms are defined in section 217 of the Federal Power Act (as in effect on the date of the enactment of this paragraph).

''(3) GOVERNMENTAL BODY.—The term 'governmental body' means any State or Indian tribal government, or any political subdivision thereof.

''(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).

''(5) CLEAN RENEWABLE ENERGY BOND LENDER.—The term 'clean renewable 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.

''(6) QUALIFIED ISSUER.—The term 'qualified issuer' means a public power provider, a cooperative electric company, a governmental body, a clean renewable energy bond lender, or a not-for-profit electric utility which has received a loan or loan guarantee under the Rural Electrification Act.''.

(b) CONFORMING AMENDMENTS.—

(1) Paragraph (1) of section 54A(d) is amended to read as follows:

''(1) QUALIFIED TAX CREDIT BOND.—The term 'qualified tax credit bond' means—

''(A) a qualified forestry conservation bond, or

''(B) a new clean renewable energy bond,

which is part of an issue that meets requirements of paragraphs (2), (3), (4), (5), and (6).''.

(2) Subparagraph (C) of section 54A(d)(2) is amended to read as follows:

''(C) QUALIFIED PURPOSE.—For purposes of this paragraph, the term 'qualified purpose' means—

''(i) in the case of a qualified forestry conservation bond, a purpose specified in section 54B(e), and

''(ii) in the case of a new clean renewable energy bond, a purpose specified in section 54C(a)(1).''.

(3) The table of sections for subpart I of part IV of subchapter A of chapter 1 is amended by adding at the end the following new item:

''Sec. 54C. Qualified clean renewable energy bonds.''.

(c) EFFECTIVE DATE.—The amendments made by this section shall apply to obligations issued after the date of the enactment of this Act.

PART II—CARBON MITIGATION PROVISIONS

SEC. 111. EXPANSION AND MODIFICATION OF ADVANCED COAL PROJECT INVESTMENT CREDIT.

(a) MODIFICATION OF CREDIT AMOUNT.—Section 48A(a) is amended by striking ''and'' at the end of paragraph (1), by striking the period at the end of paragraph (2) and inserting '', and'', and by adding at the end the following new paragraph:

''(3) 30 percent of the qualified investment for such taxable year in the case of projects described in clause (iii) of subsection (d)(3)(B).''.

(b) EXPANSION OF AGGREGATE CREDITS.—Section 48A(d)(3)(A) is amended by striking ''$1,300,000,000'' and inserting ''$2,550,000,000''.

(c) AUTHORIZATION OF ADDITIONAL PROJECTS.—

(1) IN GENERAL.—Subparagraph (B) of section 48A(d)(3) 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), and

''(iii) $1,250,000,000 for 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) 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)(B) 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 paragraph (3)(B)(iii) 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.—

(A) IN GENERAL.—Section 48A(e)(1) 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 subsection (d)(2)(A)(ii), the project includes equipment which separates and sequesters at least 65 percent (70 percent in the case of an application for reallocated credits under subsection (d)(4)) of such project's total carbon dioxide emissions.''.

(B) HIGHEST PRIORITY FOR PROJECTS WHICH SEQUESTER CARBON DIOXIDE EMISSIONS.—Section 48A(e)(3) is amended by striking ''and'' at the end of subparagraph (A)(iii), by striking the period at the end of subparagraph (B)(iii) and inserting '', and'', and by adding at the end the following new subparagraph:

''(C) give highest priority to projects with the greatest separation and sequestration percentage of total carbon dioxide emissions.''.

(C) RECAPTURE OF CREDIT FOR FAILURE TO SEQUESTER.—Section 48A is amended by adding at the end the following new subsection:

''(i) RECAPTURE OF CREDIT FOR FAILURE TO SEQUESTER.—The Secretary shall provide for recapturing the benefit of any credit allowable under subsection (a) with respect to any project which fails to attain or maintain the separation and sequestration requirements of subsection (e)(1)(G).''.

(4) ADDITIONAL PRIORITY FOR RESEARCH PARTNERSHIPS.—Section 48A(e)(3)(B), as amended by paragraph (3)(B), is amended—

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

(B) by redesignating clause (iii) as clause (iv), and

(C) by inserting after clause (ii) the following new clause:

''(iii) applicant participants who have a research partnership with an eligible educational institution (as defined in section 529(e)(5)), and''.

(5) CLERICAL AMENDMENT.—Section 48A(e)(3) is amended by striking ''INTEGRATED GASIFICATION COMBINED CYCLE'' in the heading and inserting ''CERTAIN''.

(d) DISCLOSURE OF ALLOCATIONS.—Section 48A(d) is amended by adding at the end the following new paragraph:

''(5) DISCLOSURE OF ALLOCATIONS.—The Secretary shall, upon making a certification under this subsection or section 48B(d), publicly disclose the identity of the applicant and the amount of the credit certified with respect to such applicant.''.

(e) EFFECTIVE DATES.—

(1) IN GENERAL.—Except as otherwise provided in this subsection, the amendments made by this section shall apply to credits the application for which is submitted during the period described in section 48A(d)(2)(A)(ii) of the Internal Revenue Code of 1986 and which are allocated or reallocated after the date of the enactment of this Act.

(2) DISCLOSURE OF ALLOCATIONS.—The amendment made by subsection (d) shall apply to certifications made after the date of the enactment of this Act.

(3) CLERICAL AMENDMENT.—The amendment made by subsection (c)(5) shall take effect as if included in the amendment made by section 1307(b) of the Energy Tax Incentives Act of 2005.

SEC. 112. EXPANSION AND MODIFICATION OF COAL GASIFICATION INVESTMENT CREDIT.

(a) MODIFICATION OF CREDIT AMOUNT.—Section 48B(a) is amended by inserting ''(30 percent in the case of credits allocated under subsection (d)(1)(B))'' after ''20 percent''.

(b) EXPANSION OF AGGREGATE CREDITS.—Section 48B(d)(1) is amended by striking ''shall not exceed $350,000,000'' and all that follows and inserting ''shall not exceed—

''(A) $350,000,000, plus

''(B) $250,000,000 for qualifying gasification projects that include equipment which separates and sequesters at least 75 percent of such project's total carbon dioxide emissions.''.

(c) RECAPTURE OF CREDIT FOR FAILURE TO SEQUESTER.—Section 48B is amended by adding at the end the following new subsection:

''(f) RECAPTURE OF CREDIT FOR FAILURE TO SEQUESTER.—The Secretary shall provide for recapturing the benefit of any credit allowable under subsection (a) with respect to any project which fails to attain or maintain the separation and sequestration requirements for such project under subsection (d)(1).''.

(d) SELECTION PRIORITIES.—Section 48B(d) is amended by adding at the end the following new paragraph:

''(4) SELECTION PRIORITIES.—In determining which qualifying gasification projects to certify under this section, the Secretary shall—

''(A) give highest priority to projects with the greatest separation and sequestration percentage of total carbon dioxide emissions, and

''(B) give high priority to applicant participants who have a research partnership with an eligible educational institution (as defined in section 529(e)(5)).''.

(e) EFFECTIVE DATE.—The amendments made by this section shall apply to credits described in section 48B(d)(1)(B) of the Internal Revenue Code of 1986 which are allocated or reallocated after the date of the enactment of this Act.

SEC. 113. TEMPORARY INCREASE IN COAL EXCISE TAX.

Paragraph (2) of section 4121(e) is amended—

(1) by striking ''January 1, 2014'' in subparagraph (A) and inserting ''December 31, 2018'', and

(2) by striking ''January 1 after 1981'' in subparagraph (B) and inserting ''December 31 after 2007''.

SEC. 114. 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, or caused such coal to be exported or shipped, the export or shipment of which was other than through an exporter who meets the requirements of paragraph (2),

(ii) such coal producer filed an excise tax 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 with the Secretary not later than the close of the 30-day period beginning on the date of the enactment of this Act,

then the Secretary shall pay to such coal producer an amount equal to the tax paid under section 4121 of such Code on such coal exported or shipped by the coal producer or a party related to such coal producer, or caused by the coal producer or a party related to such coal producer to be exported or shipped.

(B) SPECIAL RULES FOR CERTAIN TAXPAYERS.—For purposes of this section—

(i) IN GENERAL.—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 paid pursuant to 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.

(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 tax 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 with the Secretary not later than the close of the 30-day period beginning on the date of the enactment of this Act,

then the Secretary 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 or shipped, or caused to be exported or shipped, by the exporter.

(b) LIMITATIONS.—Subsection (a) shall not apply with respect to exported coal 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 or shipped 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 export or ship 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 the Internal Revenue Code of 1986) 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.

(4) SECRETARY.—The term ''Secretary'' means the Secretary of Treasury or the Secretary's designee.

(e) TIMING OF REFUND.—With respect to any claim for refund filed pursuant to this section, the Secretary 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 with interest from the date of overpayment determined by using the overpayment rate and method under section 6621 of the Internal Revenue Code of 1986.

(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 or shipped 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. 115. CARBON AUDIT OF THE TAX CODE.

(a) STUDY.—The Secretary of the Treasury shall enter into an agreement with the National Academy of Sciences to undertake a comprehensive review of the Internal Revenue Code of 1986 to identify the types of and specific tax provisions that have the largest effects on carbon and other greenhouse gas emissions and to estimate the magnitude of those effects.

(b) REPORT.—Not later than 2 years after the date of enactment of this Act, the National Academy of Sciences shall submit to Congress a report containing the results of study authorized under this section.

(c) AUTHORIZATION OF APPROPRIATIONS.—There is authorized to be appropriated to carry out this section $1,500,000 for the period of fiscal years 2008 and 2009.

Subtitle B—Transportation and Domestic Fuel Security Provisions

SEC. 121. INCLUSION OF CELLULOSIC BIOFUEL IN BONUS DEPRECIATION FOR BIOMASS ETHANOL PLANT PROPERTY.

(a) IN GENERAL.—Paragraph (3) of section 168(l) is amended to read as follows:

''(3) CELLULOSIC BIOFUEL.—The term 'cellulosic biofuel' means any liquid fuel which is produced from any lignocellulosic or hemicellulosic matter that is available on a renewable or recurring basis.''.

(b) CONFORMING AMENDMENTS.—Subsection (l) of section 168 is amended—

(1) by striking ''cellulosic biomass ethanol'' each place it appears and inserting ''cellulosic biofuel'',

(2) by striking ''CELLULOSIC BIOMASS ETHANOL'' in the heading of such subsection and inserting ''CELLULOSIC BIOFUEL'', and

(3) by striking ''CELLULOSIC BIOMASS ETHANOL'' in the heading of paragraph (2) thereof and inserting ''CELLULOSIC BIOFUEL''.

(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. 122. CREDITS FOR BIODIESEL AND RENEWABLE DIESEL.

(a) IN GENERAL.—Sections 40A(g), 6426(c)(6), and 6427(e)(5)(B) are each amended by striking ''December 31, 2008'' and inserting ''December 31, 2009''.

(b) INCREASE IN RATE OF CREDIT.—

(1) INCOME TAX CREDIT.—Paragraphs (1)(A) and (2)(A) of section 40A(b) are each amended by striking ''50 cents'' and inserting ''$1.00''.

(2) EXCISE TAX CREDIT.—Paragraph (2) of section 6426(c) is amended to read as follows:

''(2) APPLICABLE AMOUNT.—For purposes of this subsection, the applicable amount is $1.00.''.

(3) CONFORMING AMENDMENTS.—

(A) Subsection (b) of section 40A is amended by striking paragraph (3) and by redesignating paragraphs (4) and (5) as paragraphs (3) and (4), respectively.

(B) Paragraph (2) of section 40A(f) is amended to read as follows:

''(2) EXCEPTION.—Subsection (b)(4) shall not apply with respect to renewable diesel.''.

(C) Paragraphs (2) and (3) of section 40A(e) are each amended by striking ''subsection (b)(5)(C)'' and inserting ''subsection (b)(4)(C)''.

(D) Clause (ii) of section 40A(d)(3)(C) is amended by striking ''subsection (b)(5)(B)'' and inserting ''subsection (b)(4)(B)''.

(c) UNIFORM TREATMENT OF DIESEL PRODUCED FROM BIOMASS.—Paragraph (3) of section 40A(f) is amended—

(1) by striking ''diesel fuel'' and inserting ''liquid fuel'',

(2) by striking ''using a thermal depolymerization process'', and

(3) by striking ''or D396'' in subparagraph (B) and inserting '', D396, or other equivalent standard approved by the Secretary''.

(d) COPRODUCTION OF RENEWABLE DIESEL WITH PETROLEUM FEEDSTOCK.—

(1) IN GENERAL.—Paragraph (3) of section 40A(f) (defining renewable diesel) is amended by adding at the end the following new sentence: ''Such term does not include any fuel derived from coprocessing biomass with a feedstock which is not biomass. For purposes of this paragraph, the term 'biomass' has the meaning given such term by section 45K(c)(3).''.

(2) CONFORMING AMENDMENT.—Paragraph (3) of section 40A(f) is amended by striking ''(as defined in section 45K(c)(3))''.

(e) ELIGIBILITY OF CERTAIN AVIATION FUEL.—Paragraph (3) of section 40A(f) (defining renewable diesel) is amended by adding at the end the following: ''The term 'renewable diesel' also means fuel derived from biomass which meets the requirements of a Department of Defense specification for military jet fuel or an American Society of Testing and Materials specification for aviation turbine fuel.''.

(f) EFFECTIVE DATE.—

(1) IN GENERAL.—Except as otherwise provided in this subsection, the amendments made by this section shall apply to fuel produced, and sold or used, after December 31, 2008.

(2) COPRODUCTION OF RENEWABLE DIESEL WITH PETROLEUM FEEDSTOCK.—The amendments made by subsection (d) shall apply to

fuel produced, and sold or used, after the date of the enactment of this Act.

SEC. 123. CLARIFICATION THAT CREDITS FOR FUEL ARE DESIGNED TO PROVIDE AN INCENTIVE FOR UNITED STATES PRODUCTION.

(a) ALCOHOL FUELS CREDIT.—Paragraph (6) of section 40(d) is amended to read as follows:

''(6) LIMITATION TO ALCOHOL WITH CONNECTION TO THE UNITED STATES.—No credit shall be determined under this section with respect to any alcohol which is produced outside the United States for use as a fuel outside the United States. For purposes of this paragraph, the term 'United States' includes any possession of the United States.''.

(b) BIODIESEL FUELS 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.—No credit shall be determined under this section with respect to any biodiesel which is produced outside the United States for use as a fuel outside the United States. For purposes of this paragraph, the term 'United States' includes any possession of the United States.''.

(c) EXCISE TAX CREDIT.—

(1) IN GENERAL.—Section 6426 is amended by adding at the end the following new subsection:

''(i) LIMITATION TO FUELS WITH CONNECTION TO THE UNITED STATES.—

''(1) ALCOHOL.—No credit shall be determined under this section with respect to any alcohol which is produced outside the United States for use as a fuel outside the United States.

''(2) BIODIESEL AND ALTERNATIVE FUELS.—No credit shall be determined under this section with respect to any biodiesel or alternative fuel which is produced outside the United States for use as a fuel outside the United States.

For purposes of this subsection, the term 'United States' includes any possession of the United States.''.

(2) CONFORMING AMENDMENT.—Subsection (e) of section 6427 is amended by redesignating paragraph (5) 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).''.

(d) EFFECTIVE DATE.—The amendments made by this section shall apply to claims for credit or payment made on or after May 15, 2008.

SEC. 124. CREDIT FOR NEW QUALIFIED PLUG-IN ELECTRIC DRIVE MOTOR VEHICLES.

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

''SEC. 30D. NEW QUALIFIED PLUG-IN ELECTRIC DRIVE MOTOR VEHICLES.

''(a) ALLOWANCE OF CREDIT.—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 credit amounts determined under subsection (b) with respect to each new qualified plug-in electric drive motor vehicle placed in service by the taxpayer during the taxable year.

''(b) PER VEHICLE DOLLAR LIMITATION.—

''(1) IN GENERAL.—The amount determined under this subsection with respect to any new qualified plug-in electric drive motor vehicle is the sum of the amounts determined under paragraphs (2) and (3) with respect to such vehicle.

''(2) BASE AMOUNT.—The amount determined under this paragraph is $3,000.

''(3) BATTERY CAPACITY.—In the case of a vehicle which draws propulsion energy from a battery with not less than 5 kilowatt hours of capacity, the amount determined under this paragraph is $200, plus $200 for each kilowatt hour of capacity in excess of 5 kilowatt hours. The amount determined under this paragraph shall not exceed $2,000.

''(c) 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.—

''(A) IN GENERAL.—For purposes of this title, the credit allowed under subsection (a) for any taxable year (determined after application of paragraph (1)) shall be treated as a credit allowable under subpart A for such taxable year.

''(B) LIMITATION BASED ON AMOUNT OF TAX.—In the case of a taxable year to which section 26(a)(2) does not apply, the credit allowed under subsection (a) for any taxable year (determined after application of paragraph (1)) shall not exceed the excess of—

''(i) the sum of the regular tax liability (as defined in section 26(b)) plus the tax imposed by section 55, over

''(ii) the sum of the credits allowable under subpart A (other than this section and sections 23 and 25D) and section 27 for the taxable year.

''(d) NEW QUALIFIED PLUG-IN ELECTRIC DRIVE MOTOR VEHICLE.—For purposes of this section—

''(1) IN GENERAL.—The term 'new qualified plug-in electric drive motor vehicle' means a motor vehicle (as defined in section 30(c)(2))—

''(A) the original use of which commences with the taxpayer,

''(B) which is acquired for use or lease by the taxpayer and not for resale,

''(C) which is made by a manufacturer,

''(D) which has a gross vehicle weight rating of less than 14,000 pounds,

''(E) which has received a certificate of conformity under the Clean Air Act and meets or exceeds 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

''(F) which is propelled to a significant extent by an electric motor which draws electricity from a battery which—

''(i) has a capacity of not less than 4 kilowatt hours, and

''(ii) is capable of being recharged from an external source of electricity.

''(2) EXCEPTION.—The term 'new qualified plug-in electric drive motor vehicle' shall not include any vehicle which is not a passenger automobile or light truck if such vehicle has a gross vehicle weight rating of less than 8,500 pounds.

''(3) 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.).

''(4) BATTERY CAPACITY.—The term 'capacity' means, with respect to any battery, the quantity of electricity which the battery is capable of storing, expressed in kilowatt hours, as measured from a 100 percent state of charge to a 0 percent state of charge.

''(e) LIMITATION ON NUMBER OF NEW QUALIFIED PLUG-IN ELECTRIC DRIVE MOTOR VEHICLES ELIGIBLE FOR CREDIT.—

''(1) IN GENERAL.—In the case of a new qualified plug-in electric drive motor vehicle sold during the phaseout period, only the applicable percentage of the credit otherwise allowable under subsection (a) shall be allowed.

''(2) PHASEOUT PERIOD.—For purposes of this subsection, the phaseout period is the period beginning with the second calendar quarter following the calendar quarter which includes the first date on which the number of new qualified plug-in electric drive motor vehicles manufactured by the manufacturer of the vehicle referred to in paragraph (1) sold for use in the United States after the date of the enactment of this section, is at least 60,000.

''(3) APPLICABLE PERCENTAGE.—For purposes of paragraph (1), the applicable percentage is—

''(A) 50 percent for the first 2 calendar quarters of the phaseout period,

''(B) 25 percent for the 3d and 4th calendar quarters of the phaseout period, and

''(C) 0 percent for each calendar quarter thereafter.

''(4) CONTROLLED GROUPS.—Rules similar to the rules of section 30B(f)(4) shall apply for purposes of this subsection.

''(f) SPECIAL RULES.—

''(1) BASIS REDUCTION.—The basis of any property for which a credit is allowable under subsection (a) shall be reduced by the amount of such credit (determined without regard to subsection (c)).

''(2) 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.

''(3) PROPERTY USED OUTSIDE UNITED STATES, ETC., NOT QUALIFIED.—No credit shall be allowed 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.

''(4) ELECTION NOT TO TAKE CREDIT.—No credit shall be allowed under subsection (a) for any vehicle if the taxpayer elects to not have this section apply to such vehicle.

''(5) PROPERTY USED BY TAX-EXEMPT ENTITY; INTERACTION WITH AIR QUALITY AND MOTOR VEHICLE SAFETY STANDARDS.—Rules similar to the rules of paragraphs (6) and (10) of section 30B(h) shall apply for purposes of this section.''.

(b) COORDINATION WITH ALTERNATIVE MOTOR VEHICLE CREDIT.—Section 30B(d)(3) is amended by adding at the end the following new subparagraph:

''(D) EXCLUSION OF PLUG-IN VEHICLES.—Any vehicle with respect to which a credit is allowable under section 30D (determined without regard to subsection (c) thereof) shall not be taken into account under this section.''.

(c) CREDIT MADE PART OF GENERAL BUSINESS CREDIT.—Section 38(b) is amended—

(1) by striking ''and'' each place it appears at the end of any paragraph,

(2) by striking ''plus'' each place it appears at the end of any paragraph,

(3) by striking the period at the end of paragraph (32) and inserting '', plus'', and

(4) 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(c)(1) applies.''.

(d) CONFORMING AMENDMENTS.—

(1)(A) Section 24(b)(3)(B), as amended by section 104, is amended by striking ''and 25D'' and inserting ''25D, and 30D''.

(B) Section 25(e)(1)(C)(ii) is amended by inserting ''30D,'' after ''25D,''.

(C) Section 25B(g)(2), as amended by section 104, is amended by striking ''and 25D'' and inserting '', 25D, and 30D''.

(D) Section 26(a)(1), as amended by section 104, is amended by striking ''and 25D'' and inserting ''25D, and 30D''.

(E) Section 1400C(d)(2) is amended by striking ''and 25D'' and inserting ''25D, and 30D''.

(2) Section 1016(a) 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(f)(1).''.

(3) Section 6501(m) is amended by inserting ''30D(f)(4),'' after ''30C(e)(5),''.

(4) 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. New qualified plug-in electric drive motor vehicles.''.

(e) TREATMENT OF ALTERNATIVE MOTOR VEHICLE CREDIT AS A PERSONAL CREDIT.—

(1) IN GENERAL.—Paragraph (2) of section 30B(g) is amended to read as follows:

''(2) PERSONAL CREDIT.—The credit allowed under subsection (a) for any taxable year (after application of paragraph (1)) shall be treated as a credit allowable under subpart A for such taxable year.''.

(2) CONFORMING AMENDMENTS.—

(A) Subparagraph (A) of section 30C(d)(2) is amended by striking ''sections 27, 30, and 30B'' and inserting ''sections 27 and 30''.

(B) Paragraph (3) of section 55(c) is amended by striking ''30B(g)(2),''.

(f) EFFECTIVE DATE.—

(1) IN GENERAL.—Except as otherwise provided in this subsection, the amendments made by this section shall apply to taxable years beginning after December 31, 2008.

(2) TREATMENT OF ALTERNATIVE MOTOR VEHICLE CREDIT AS PERSONAL CREDIT.—The amendments made by subsection (e) shall apply to taxable years beginning after December 31, 2007.

(g) APPLICATION OF EGTRRA SUNSET.—The amendment made by subsection (d)(1)(A) shall be subject to title IX of the Economic Growth and Tax Relief Reconciliation Act of 2001 in the same manner as the provision of such Act to which such amendment relates.

SEC. 125. EXCLUSION FROM HEAVY TRUCK TAX FOR IDLING REDUCTION UNITS AND ADVANCED INSULATION.

(a) IN GENERAL.—Section 4053 is amended by adding at the end the following new paragraphs:

''(9) 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 one or more devices affixed to a tractor, and

''(B) is determined by the Administrator of the Environmental Protection Agency, in consultation with the Secretary of Energy and the Secretary of Transportation, to reduce idling of such vehicle at a motor vehicle rest stop or other location where such vehicles are temporarily parked or remain stationary.

''(10) 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 the date of the enactment of this Act.

SEC. 126. RESTRUCTURING OF NEW YORK LIBERTY ZONE TAX CREDITS.

(a) IN GENERAL.—Part I of subchapter Y of chapter 1 is amended by redesignating section 1400L as section 1400K and by adding at the end the following new section:

''SEC. 1400L. NEW YORK LIBERTY ZONE TAX CREDITS.

''(a) IN GENERAL.—In the case of a New York Liberty Zone governmental unit, there shall be allowed as a credit against any taxes imposed for any payroll period by section 3402 for which such governmental unit is liable under section 3403 an amount equal to so much of the portion of the qualifying project expenditure amount allocated under subsection (b)(3) to such governmental unit for the calendar year as is allocated by such governmental unit to such period under subsection (b)(4).

''(b) QUALIFYING PROJECT EXPENDITURE AMOUNT.—For purposes of this section—

''(1) IN GENERAL.—The term 'qualifying project expenditure amount' means, with respect to any calendar year, the sum of—

''(A) the total expenditures paid or incurred during such calendar year by all New York Liberty Zone governmental units and the Port Authority of New York and New Jersey for any portion of qualifying projects located wholly within the City of New York, New York, and

''(B) any such expenditures—

''(i) paid or incurred in any preceding calendar year which begins after the date of enactment of this section, and

''(ii) not previously allocated under paragraph (3).

''(2) QUALIFYING PROJECT.—The term 'qualifying project' means any transportation infrastructure project, including highways, mass transit systems, railroads, airports, ports, and waterways, in or connecting with the New York Liberty Zone (as defined in section 1400K(h)), which is designated as a qualifying project under this section jointly by the Governor of the State of New York and the Mayor of the City of New York, New York.

''(3) GENERAL ALLOCATION.—

''(A) IN GENERAL.—The Governor of the State of New York and the Mayor of the City of New York, New York, shall jointly allocate to each New York Liberty Zone governmental unit the portion of the qualifying project expenditure amount which may be taken into account by such governmental unit under subsection (a) for any calendar year in the credit period.

''(B) AGGREGATE LIMIT.—The aggregate amount which may be allocated under subparagraph (A) for all calendar years in the credit period shall not exceed $2,000,000,000.

''(C) ANNUAL LIMIT.—The aggregate amount which may be allocated under subparagraph (A) for any calendar year in the credit period shall not exceed the sum of—

''(i) $115,000,000 ($425,000,000 in the case of the last 2 years in the credit period), plus

''(ii) the aggregate amount authorized to be allocated under this paragraph for all preceding calendar years in the credit period which was not so allocated.

''(D) UNALLOCATED AMOUNTS AT END OF CREDIT PERIOD.—If, as of the close of the credit period, the amount under subparagraph (B) exceeds the aggregate amount allocated under subparagraph (A) for all calendar years in the credit period, the Governor of the State of New York and the Mayor of the City of New York, New York, may jointly allocate to New York Liberty Zone governmental units for any calendar year in the 5-year period following the credit period an amount equal to—

''(i) the lesser of—

''(I) such excess, or

''(II) the qualifying project expenditure amount for such calendar year, reduced by

''(ii) the aggregate amount allocated under this subparagraph for all preceding calendar years.

''(4) ALLOCATION TO PAYROLL PERIODS.—Each New York Liberty Zone governmental unit which has been allocated a portion of the qualifying project expenditure amount under paragraph (3) for a calendar year may allocate such portion to payroll periods beginning in such calendar year as such governmental unit determines appropriate.

''(c) CARRYOVER OF UNUSED ALLOCATIONS.—

''(1) IN GENERAL.—Except as provided in paragraph (2), if the amount allocated under subsection (b)(3) to a New York Liberty Zone governmental unit for any calendar year exceeds the aggregate taxes imposed by section 3402 for which such governmental unit is liable under section 3403 for periods beginning in such year, such excess shall be carried to the succeeding calendar year and added to the allocation of such governmental unit for such succeeding calendar year.

''(2) REALLOCATION.—If a New York Liberty Zone governmental unit does not use an amount allocated to it under subsection (b)(3) within the time prescribed by the Governor of the State of New York and the Mayor of the City of New York, New York, then such amount shall after such time be treated for purposes of subsection (b)(3) in the same manner as if it had never been allocated.

''(d) DEFINITIONS AND SPECIAL RULES.—For purposes of this section—

''(1) CREDIT PERIOD.—The term 'credit period' means the 12-year period beginning on January 1, 2009.

''(2) NEW YORK LIBERTY ZONE GOVERNMENTAL UNIT.—The term 'New York Liberty Zone governmental unit' means—

''(A) the State of New York,

''(B) the City of New York, New York, and

''(C) any agency or instrumentality of such State or City.

''(3) TREATMENT OF FUNDS.—Any expenditure for a qualifying project taken into account for purposes of the credit under this section shall be considered State and local funds for the purpose of any Federal program.

''(4) TREATMENT OF CREDIT AMOUNTS FOR PURPOSES OF WITHHOLDING TAXES.—For purposes of this title, a New York Liberty Zone governmental unit shall be treated as having paid to the Secretary, on the day on which wages are paid to employees, an amount equal to the amount of the credit allowed to such entity under subsection (a) with respect to such wages, but only if such governmental unit deducts and withholds wages for such payroll period under section 3401 (relating to wage withholding).

''(e) REPORTING.—The Governor of the State of New York and the Mayor of the City of New York, New York, shall jointly submit to the Secretary an annual report—

''(1) which certifies—

''(A) the qualifying project expenditure amount for the calendar year, and

''(B) the amount allocated to each New York Liberty Zone governmental unit under subsection (b)(3) for the calendar year, and

''(2) includes such other information as the Secretary may require to carry out this section.

''(f) GUIDANCE.—The Secretary may prescribe such guidance as may be necessary or appropriate to ensure compliance with the purposes of this section.''.

(b) TERMINATION OF SPECIAL ALLOWANCE AND EXPENSING.—Subparagraph (A) of section 1400K(b)(2), as redesignated by subsection (a), is amended by striking the parenthetical therein and inserting ''(in the case of nonresidential real property and residential rental property, the date of the enactment of the Energy Independence and Tax Relief Act of 2008 or, if acquired pursuant to a binding contract in effect on such enactment date, December 31, 2009)''.

(c) CONFORMING AMENDMENTS.—

(1) Section 38(c)(3)(B) is amended by striking ''section 1400L(a)'' and inserting ''section 1400K(a)''.

(2) Section 168(k)(2)(D)(ii) is amended by striking ''section 1400L(c)(2)'' and inserting ''section 1400K(c)(2)''.

(3) The table of sections for part I of subchapter Y of chapter 1 is amended by redesignating the item relating to section 1400L as an item relating to section 1400K and by inserting after such item the following new item:

''Sec. 1400L. New York Liberty Zone tax credits.''.

(d) EFFECTIVE DATE.—The amendments made by this section shall take effect on the date of the enactment of this Act.

SEC. 127. TRANSPORTATION FRINGE BENEFIT TO BICYCLE COMMUTERS.

(a) IN GENERAL.—Paragraph (1) of section 132(f) is amended by adding at the end the following:

''(D) Any qualified bicycle commuting reimbursement.''.

(b) LIMITATION ON EXCLUSION.—Paragraph (2) of section 132(f) is amended by striking ''and'' at the end of subparagraph (A), by striking the period at the end of subparagraph (B) and inserting '', and'', and by adding at the end the following new subparagraph:

''(C) the applicable annual limitation in the case of any qualified bicycle commuting reimbursement.''.

(c) DEFINITIONS.—Paragraph (5) of section 132(f) is amended by adding at the end the following:

''(F) DEFINITIONS RELATED TO BICYCLE COMMUTING REIMBURSEMENT.—

''(i) QUALIFIED BICYCLE COMMUTING REIMBURSEMENT.—The term 'qualified bicycle commuting reimbursement' means, with respect to any calendar year, any employer reimbursement during the 15-month period beginning with the first day of such calendar year for reasonable expenses incurred by the employee during such calendar year for the purchase of a bicycle and bicycle improvements, repair, and storage, if such bicycle is regularly used for travel between the employee's residence and place of employment.

''(ii) APPLICABLE ANNUAL LIMITATION.—The term 'applicable annual limitation' means, with respect to any employee for any calendar year, the product of $20 multiplied by the number of qualified bicycle commuting months during such year.

''(iii) QUALIFIED BICYCLE COMMUTING MONTH.—The term 'qualified bicycle commuting month' means, with respect to any employee, any month during which such employee—

''(I) regularly uses the bicycle for a substantial portion of the travel between the employee's residence and place of employment, and

''(II) does not receive any benefit described in subparagraph (A), (B), or (C) of paragraph (1).''.

(d) CONSTRUCTIVE RECEIPT OF BENEFIT.—Paragraph (4) of section 132(f) is amended by inserting ''(other than a qualified bicycle commuting reimbursement)'' after ''qualified transportation fringe''.

(e) EFFECTIVE DATE.—The amendments made by this section shall apply to taxable years beginning after December 31, 2008.

SEC. 128. ALTERNATIVE FUEL VEHICLE REFUELING PROPERTY CREDIT.

(a) INCREASE IN CREDIT AMOUNT.—Section 30C is amended—

(1) by striking ''30 percent'' in subsection (a) and inserting ''50 percent'', and

(2) by striking ''$30,000'' in subsection (b)(1) and inserting ''$50,000''.

(b) EXTENSION OF CREDIT.—Paragraph (2) of section 30C(g) is amended by striking ''December 31, 2009'' and inserting ''December 31, 2010''.

(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.

Subtitle C—Energy Conservation and Efficiency Provisions

SEC. 141. QUALIFIED ENERGY CONSERVATION BONDS.

(a) IN GENERAL.—Subpart I of part IV of subchapter A of chapter 1, as amended by section 106, is amended by adding at the end the following new section:

''SEC. 54D. QUALIFIED ENERGY CONSERVATION BONDS.

''(a) QUALIFIED ENERGY CONSERVATION BOND.—For purposes of this subchapter, the term 'qualified energy conservation bond' means any bond issued as part of an issue if—

''(1) 100 percent of the available project proceeds of such issue are to be used for one or more qualified conservation purposes,

''(2) the bond is issued by a State or local government, and

''(3) the issuer designates such bond for purposes of this section.

''(b) REDUCED CREDIT AMOUNT.—The annual credit determined under section 54A(b) with respect to any qualified energy conservation bond shall be 70 percent of the amount so determined without regard to this subsection.

''(c) LIMITATION ON AMOUNT OF BONDS DESIGNATED.—The maximum aggregate face amount of bonds which may be designated under subsection (a) by any issuer shall not exceed the limitation amount allocated to such issuer under subsection (e).

''(d) NATIONAL LIMITATION ON AMOUNT OF BONDS DESIGNATED.—There is a national qualified energy conservation bond limitation of $3,000,000,000.

''(e) ALLOCATIONS.—

''(1) IN GENERAL.—The limitation applicable under subsection (d) shall be allocated by the Secretary among the States in proportion to the population of the States.

''(2) ALLOCATIONS TO LARGEST LOCAL GOVERNMENTS.—

''(A) IN GENERAL.—In the case of any State in which there is a large local government, each such local government shall be allocated a portion of such State's allocation which bears the same ratio to the State's allocation (determined without regard to this subparagraph) as the population of such large local government bears to the population of such State.

''(B) ALLOCATION OF UNUSED LIMITATION TO STATE.—The amount allocated under this subsection to a large local government may be reallocated by such local government to the State in which such local government is located.

''(C) LARGE LOCAL GOVERNMENT.—For purposes of this section, the term 'large local government' means any municipality or county if such municipality or county has a population of 100,000 or more.

''(3) ALLOCATION TO ISSUERS; RESTRICTION ON PRIVATE ACTIVITY BONDS.—Any allocation under this subsection to a State or large local government shall be allocated by such State or large local government to issuers within the State in a manner that results in not less than 70 percent of the allocation to such State or large local government being used to designate bonds which are not private activity bonds.

''(f) QUALIFIED CONSERVATION PURPOSE.—For purposes of this section—

''(1) IN GENERAL.—The term 'qualified conservation purpose' means any of the following:

''(A) Capital expenditures incurred for purposes of—

''(i) reducing energy consumption in publicly-owned buildings by at least 20 percent,

''(ii) implementing green community programs,

''(iii) rural development involving the production of electricity from renewable energy resources, or

''(iv) any qualified facility (as determined under section 45(d) without regard to paragraphs (8) and (10) thereof and without regard to any placed in service date).

''(B) Expenditures with respect to research facilities, and research grants, to support research in—

''(i) development of cellulosic ethanol or other nonfossil fuels,

''(ii) technologies for the capture and sequestration of carbon dioxide produced through the use of fossil fuels,

''(iii) increasing the efficiency of existing technologies for producing nonfossil fuels,

''(iv) automobile battery technologies and other technologies to reduce fossil fuel consumption in transportation, or

''(v) technologies to reduce energy use in buildings.

''(C) Mass commuting facilities and related facilities that reduce the consumption of energy, including expenditures to reduce pollution from vehicles used for mass commuting.

''(D) Demonstration projects designed to promote the commercialization of—

''(i) green building technology,

''(ii) conversion of agricultural waste for use in the production of fuel or otherwise,

''(iii) advanced battery manufacturing technologies,

''(iv) technologies to reduce peak use of electricity, or

''(v) technologies for the capture and sequestration of carbon dioxide emitted from combusting fossil fuels in order to produce electricity.

''(E) Public education campaigns to promote energy efficiency.

''(2) SPECIAL RULES FOR PRIVATE ACTIVITY BONDS.—For purposes of this section, in the case of any private activity bond, the term 'qualified conservation purposes' shall not include any expenditure which is not a capital expenditure.

''(g) POPULATION.—

''(1) IN GENERAL.—The population of any State or local government shall be determined for purposes of this section as provided in section 146(j) for the calendar year which includes the date of the enactment of this section.

''(2) SPECIAL RULE FOR COUNTIES.—In determining the population of any county for purposes of this section, any population of such county which is taken into account in determining the population of any municipality which is a large local government shall not be taken into account in determining the population of such county.

''(h) APPLICATION TO INDIAN TRIBAL GOVERNMENTS.—An Indian tribal government shall be treated for purposes of this section in the same manner as a large local government, except that—

''(1) an Indian tribal government shall be treated for purposes of subsection (e) as located within a State to the extent of so much of the population of such government as resides within such State, and

''(2) any bond issued by an Indian tribal government shall be treated as a qualified energy conservation bond only if issued as part of an issue the available project proceeds of which are used for purposes for which such Indian tribal government could issue bonds to which section 103(a) applies.''.

(b) CONFORMING AMENDMENTS.—

(1) Paragraph (1) of section 54A(d), as amended by section 106, is amended to read as follows:

''(1) QUALIFIED TAX CREDIT BOND.—The term 'qualified tax credit bond' means—

''(A) a qualified forestry conservation bond,

''(B) a new clean renewable energy bond, or

''(C) a qualified energy conservation bond, which is part of an issue that meets requirements of paragraphs (2), (3), (4), (5), and (6).''.

(2) Subparagraph (C) of section 54A(d)(2), as amended by section 106, is amended to read as follows:

''(C) QUALIFIED PURPOSE.—For purposes of this paragraph, the term 'qualified purpose' means—

''(i) in the case of a qualified forestry conservation bond, a purpose specified in section 54B(e),

''(ii) in the case of a new clean renewable energy bond, a purpose specified in section 54C(a)(1), and

''(iii) in the case of a qualified energy conservation bond, a purpose specified in section 54D(a)(1).''.

(3) The table of sections for subpart I of part IV of subchapter A of chapter 1 is amended by adding at the end the following new item:

''Sec. 54D. Qualified energy conservation bonds.''.

(c) EFFECTIVE DATE.—The amendments made by this section shall apply to obligations issued after the date of the enactment of this Act.

SEC. 142. CREDIT FOR NONBUSINESS ENERGY PROPERTY.

(a) EXTENSION OF CREDIT.—Section 25C(g) is amended by striking ''December 31, 2007'' and inserting ''December 31, 2008''.

(b) QUALIFIED BIOMASS FUEL PROPERTY.—

(1) IN GENERAL.—Section 25C(d)(3) is amended—

(A) by striking ''and'' at the end of subparagraph (D),

(B) by striking the period at the end of subparagraph (E) and inserting '', and'', and

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

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

(2) BIOMASS FUEL.—Section 25C(d) is amended by adding at the end the following new paragraph:

''(6) BIOMASS FUEL.—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.''.

(c) COORDINATION WITH CREDIT FOR QUALIFIED GEOTHERMAL HEAT PUMP PROPERTY EXPENDITURES.—

(1) IN GENERAL.—Paragraph (3) of section 25C(d), as amended by subsection (b), is amended by striking subparagraph (C) and by redesignating subparagraphs (D), (E), and (F) as subparagraphs (C), (D), and (E), respectively.

(2) CONFORMING AMENDMENT.—Subparagraph (C) of section 25C(d)(2) is amended to read as follows:

''(C) REQUIREMENTS AND STANDARDS FOR AIR CONDITIONERS AND HEAT PUMPS.—The standards and requirements prescribed by the Secretary under subparagraph (B) with respect to the energy efficiency ratio (EER) for central air conditioners and electric heat pumps—

''(i) shall require measurements to be based on published data which is tested by manufacturers at 95 degrees Fahrenheit, and

''(ii) may be based on the certified data of the Air Conditioning and Refrigeration Institute that are prepared in partnership with the Consortium for Energy Efficiency.''.

(d) MODIFICATION OF QUALIFIED ENERGY EFFICIENCY IMPROVEMENTS.—

(1) IN GENERAL.—Paragraph (1) of section 25C(c) is amended by inserting '', or an asphalt roof with appropriate cooling granules,'' before ''which meet the Energy Star program requirements''.

(2) BUILDING ENVELOPE COMPONENT.—Subparagraph (D) of section 25C(c)(2) is amended—

(A) by inserting ''or asphalt roof'' after ''metal roof'', and

(B) by inserting ''or cooling granules'' after ''pigmented coatings''.

(e) EFFECTIVE DATES.—

(1) IN GENERAL.—Except as provided in paragraph (2), the amendments made this section shall apply to expenditures made after December 31, 2007.

(2) MODIFICATION OF QUALIFIED ENERGY EFFICIENCY IMPROVEMENTS.—The amendments made by subsection (d) shall apply to property placed in service after the date of the enactment of this Act.

SEC. 143. ENERGY EFFICIENT COMMERCIAL BUILDINGS DEDUCTION.

Subsection (h) of section 179D is amended by striking ''December 31, 2008'' and inserting ''December 31, 2013''.

SEC. 144. MODIFICATIONS OF ENERGY EFFICIENT APPLIANCE CREDIT FOR APPLIANCES PRODUCED AFTER 2007.

(a) IN GENERAL.—Subsection (b) of section 45M is amended to read as follows:

''(b) APPLICABLE AMOUNT.—For purposes of subsection (a)—

''(1) DISHWASHERS.—The applicable amount is—

''(A) $45 in the case of a dishwasher which is manufactured in calendar year 2008 or 2009 and which uses no more than 324 kilowatt hours per year and 5.8 gallons per cycle, and

''(B) $75 in the case of a dishwasher which is manufactured in calendar year 2008, 2009, or 2010 and which uses no more than 307 kilowatt hours per year and 5.0 gallons per cycle (5.5 gallons per cycle for dishwashers designed for greater than 12 place settings).

''(2) CLOTHES WASHERS.—The applicable amount is—

''(A) $75 in the case of a residential top-loading clothes washer manufactured in calendar year 2008 which meets or exceeds a 1.72 modified energy factor and does not exceed a 8.0 water consumption factor,

''(B) $125 in the case of a residential top-loading clothes washer manufactured in calendar year 2008 or 2009 which meets or exceeds a 1.8 modified energy factor and does not exceed a 7.5 water consumption factor,

''(C) $150 in the case of a residential or commercial clothes washer manufactured in calendar year 2008, 2009, or 2010 which meets or exceeds 2.0 modified energy factor and does not exceed a 6.0 water consumption factor, and

''(D) $250 in the case of a residential or commercial clothes washer manufactured in calendar year 2008, 2009, or 2010 which meets or exceeds 2.2 modified energy factor and does not exceed a 4.5 water consumption factor.

''(3) REFRIGERATORS.—The applicable amount is—

''(A) $50 in the case of a refrigerator which is manufactured in calendar year 2008, and consumes at least 20 percent but not more than 22.9 percent less kilowatt hours per year than the 2001 energy conservation standards,

''(B) $75 in the case of a refrigerator which is manufactured in calendar year 2008 or 2009, and consumes at least 23 percent but no more than 24.9 percent less kilowatt hours per year than the 2001 energy conservation standards,

''(C) $100 in the case of a refrigerator which is manufactured in calendar year 2008, 2009, or 2010, and consumes at least 25 percent but not more than 29.9 percent less kilowatt hours per year than the 2001 energy conservation standards, and

''(D) $200 in the case of a refrigerator manufactured in calendar year 2008, 2009, or 2010 and which consumes at least 30 percent less energy than the 2001 energy conservation standards.''.

(b) ELIGIBLE PRODUCTION.—

(1) SIMILAR TREATMENT FOR ALL APPLIANCES.—Subsection (c) of section 45M is amended—

(A) by striking paragraph (2),

(B) by striking ''(1) IN GENERAL'' and all that follows through ''the eligible'' and inserting ''The eligible'',

(C) by moving the text of such subsection in line with the subsection heading, and

(D) by redesignating subparagraphs (A) and (B) as paragraphs (1) and (2), respectively, and by moving such paragraphs 2 ems to the left.

(2) MODIFICATION OF BASE PERIOD.—Paragraph (2) of section 45M(c), as amended by paragraph (1), is amended by striking ''3-calendar year'' and inserting ''2-calendar year''.

(c) TYPES OF ENERGY EFFICIENT APPLIANCES.—Subsection (d) of section 45M (defining types of energy efficient appliances) is amended to read as follows:

''(d) TYPES OF ENERGY EFFICIENT APPLIANCE.—For purposes of this section, the types of 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).''.

(d) AGGREGATE CREDIT AMOUNT ALLOWED.—

(1) INCREASE IN LIMIT.—Paragraph (1) of section 45M(e) is amended to read as follows:

''(1) AGGREGATE CREDIT AMOUNT ALLOWED.—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) EXCEPTION FOR CERTAIN REFRIGERATOR AND CLOTHES WASHERS.—Paragraph (2) of section 45M(e) is amended to read as follows:

''(2) AMOUNT ALLOWED FOR CERTAIN REFRIGERATORS AND CLOTHES WASHERS.—Refrigerators described in subsection (b)(3)(D) and clothes washers described in subsection (b)(2)(D) shall not be taken into account under paragraph (1).''.

(e) QUALIFIED ENERGY EFFICIENT APPLIANCES.—

(1) IN GENERAL.—Paragraph (1) of section 45M(f) (defining qualified energy efficient appliance) is amended to read as follows:

''(1) QUALIFIED ENERGY EFFICIENT APPLIANCE.—The term 'qualified energy efficient appliance' means—

''(A) any dishwasher described in subsection (b)(1),

''(B) any clothes washer described in subsection (b)(2), and

''(C) any refrigerator described in subsection (b)(3).''.

(2) CLOTHES WASHER.—Section 45M(f)(3) is amended by inserting ''commercial'' before ''residential'' the second place it appears.

(3) TOP-LOADING CLOTHES WASHER.—Subsection (f) of section 45M is amended by redesignating paragraphs (4), (5), (6), and (7) as paragraphs (5), (6), (7), and (8), respectively, and by inserting after paragraph (3) the following new paragraph:

''(4) TOP-LOADING CLOTHES WASHER.—The term 'top-loading clothes washer' means a

clothes washer which has the clothes container compartment access located on the top of the machine and which operates on a vertical axis.''.

(4) REPLACEMENT OF ENERGY FACTOR.—Section 45M(f)(6), as redesignated by paragraph (3), is amended to read as follows:

''(6) MODIFIED ENERGY FACTOR.—The term 'modified energy factor' means the modified energy factor established by the Department of Energy for compliance with the Federal energy conservation standard.''.

(5) GALLONS PER CYCLE; WATER CONSUMPTION FACTOR.—Section 45M(f), as amended by paragraph (3), is amended by adding at the end the following:

''(9) GALLONS PER CYCLE.—The term 'gallons per cycle' means, with respect to a dishwasher, the amount of water, expressed in gallons, required to complete a normal cycle of a dishwasher.

''(10) WATER CONSUMPTION FACTOR.—The term 'water consumption factor' means, with respect to a clothes washer, the quotient of the total weighted per-cycle water consumption divided by the cubic foot (or liter) capacity of the clothes washer.''.

(f) EFFECTIVE DATE.—The amendments made by this section shall apply to appliances produced after December 31, 2007.

SEC. 145. ACCELERATED RECOVERY PERIOD FOR DEPRECIATION OF SMART METERS AND SMART GRID SYSTEMS.

(a) IN GENERAL.—Section 168(e)(3)(D) is amended by striking ''and'' at the end of clause (i), by striking the period at the end of clause (ii) and inserting a comma, and by inserting after clause (ii) the following new clauses:

''(iii) any qualified smart electric meter, and

''(iv) any qualified smart electric grid system.''.

(b) DEFINITIONS.—Section 168(i) is amended by inserting at the end the following new paragraph:

''(18) QUALIFIED SMART ELECTRIC METERS.—

''(A) IN GENERAL.—The term 'qualified smart electric meter' means any smart electric meter which is placed in service by a taxpayer who is a supplier of electric energy or a provider of electric energy services.

''(B) SMART ELECTRIC METER.—For purposes of subparagraph (A), the term 'smart electric meter' means any time-based meter and related communication equipment which is capable of being used by the taxpayer as part of a system that—

''(i) measures and records electricity usage data on a time-differentiated basis in at least 24 separate time segments per day,

''(ii) provides for the exchange of information between supplier or provider and the customer's electric meter in support of time-based rates or other forms of demand response,

''(iii) provides data to such supplier or provider so that the supplier or provider can provide energy usage information to customers electronically, and

''(iv) provides net metering.

''(19) QUALIFIED SMART ELECTRIC GRID SYSTEMS.—

''(A) IN GENERAL.—The term 'qualified smart electric grid system' means any smart grid property used as part of a system for electric distribution grid communications, monitoring, and management placed in service by a taxpayer who is a supplier of electric energy or a provider of electric energy services.

''(B) SMART GRID PROPERTY.—For the purposes of subparagraph (A), the term 'smart grid property' means electronics and related equipment that is capable of—

''(i) sensing, collecting, and monitoring data of or from all portions of a utility's electric distribution grid,

''(ii) providing real-time, two-way communications to monitor or manage such grid, and

''(iii) providing real time analysis of and event prediction based upon collected data that can be used to improve electric distribution system reliability, quality, and performance.''.

(c) CONTINUED APPLICATION OF 150 PERCENT DECLINING BALANCE METHOD.—Paragraph (2) of section 168(b) is amended by striking ''or'' at the end of subparagraph (B), by redesignating subparagraph (C) as subparagraph (D), and by inserting after subparagraph (B) the following new subparagraph:

''(C) any property (other than property described in paragraph (3)) which is a qualified smart electric meter or qualified smart electric grid system, or''.

(d) 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. 146. QUALIFIED GREEN BUILDING AND SUSTAINABLE DESIGN PROJECTS.

(a) IN GENERAL.—Paragraph (8) of section 142(l) is amended by striking ''September 30, 2009'' and inserting ''September 30, 2012''.

(b) TREATMENT OF CURRENT REFUNDING BONDS.—Paragraph (9) of section 142(l) is amended by striking ''October 1, 2009'' and inserting ''October 1, 2012''.

(c) ACCOUNTABILITY.—The second sentence of section 701(d) of the American Jobs Creation Act of 2004 is amended by striking ''issuance,'' and inserting ''issuance of the last issue with respect to such project,''.

TITLE II—ONE-YEAR EXTENSION OF TEMPORARY PROVISIONS

Subtitle A—Alternative Minimum Tax

SEC. 201. EXTENSION OF ALTERNATIVE MINIMUM TAX RELIEF FOR NONREFUNDABLE PERSONAL CREDITS.

(a) IN GENERAL.—Paragraph (2) of section 26(a) (relating to special rule for taxable years 2000 through 2007) is amended—

(1) by striking ''or 2007'' and inserting ''2007, or 2008'', and

(2) by striking ''2007'' in the heading thereof and inserting ''2008''.

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

SEC. 202. EXTENSION OF INCREASED ALTERNATIVE MINIMUM TAX EXEMPTION AMOUNT.

(a) IN GENERAL.—Paragraph (1) of section 55(d) (relating to exemption amount) is amended—

(1) by striking ''($66,250 in the case of taxable years beginning in 2007)'' in subparagraph (A) and inserting ''($69,950 in the case of taxable years beginning in 2008)'', and

(2) by striking ''($44,350 in the case of taxable years beginning in 2007)'' in subparagraph (B) and inserting ''($46,200 in the case of taxable years beginning in 2008)''.

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

SEC. 203. INCREASE OF AMT REFUNDABLE CREDIT AMOUNT FOR INDIVIDUALS WITH LONG-TERM UNUSED CREDITS FOR PRIOR YEAR MINIMUM TAX LIABILITY, ETC.

(a) IN GENERAL.—Paragraph (2) of section 53(e) is amended to read as follows:

''(2) AMT REFUNDABLE CREDIT AMOUNT.—For purposes of paragraph (1), the term 'AMT refundable credit amount' means, with respect to any taxable year, the amount (not in excess of the long-term unused minimum tax credit for such taxable year) equal to the greater of—

''(A) 50 percent of the long-term unused minimum tax credit for such taxable year, or

''(B) the amount (if any) of the AMT refundable credit amount for the taxpayer's preceding taxable year (determined without regard to subsection (f)(2)).''.

(b) TREATMENT OF CERTAIN UNDERPAYMENTS, INTEREST, AND PENALTIES ATTRIBUTABLE TO THE TREATMENT OF INCENTIVE STOCK OPTIONS.—Section 53 is amended by adding at the end the following new subsection:

''(f) TREATMENT OF CERTAIN UNDERPAYMENTS, INTEREST, AND PENALTIES ATTRIBUTABLE TO THE TREATMENT OF INCENTIVE STOCK OPTIONS.—

''(1) ABATEMENT.—Any underpayment of tax outstanding on the date of the enactment of this subsection which is attributable to the application of section 56(b)(3) for any taxable year ending before January 1, 2008 (and any interest or penalty with respect to such underpayment which is outstanding on such date of enactment), is hereby abated. The amount determined under subsection (b)(1) shall not include any tax abated under the preceding sentence.

''(2) INCREASE IN CREDIT FOR CERTAIN INTEREST AND PENALTIES ALREADY PAID.—The AMT refundable credit amount, and the minimum tax credit determined under subsection (b), for the taxpayer's first 2 taxable years beginning after December 31, 2007, shall each be increased by 50 percent of the aggregate amount of the interest and penalties which were paid by the taxpayer before the date of the enactment of this subsection and which would (but for such payment) have been abated under paragraph (1).''.

(c) EFFECTIVE DATE.—

(1) IN GENERAL.—Except as provided in paragraph (2), the amendment made by this section shall apply to taxable years beginning after December 31, 2007.

(2) ABATEMENT.—Section 53(f)(1) of the Internal Revenue Code of 1986, as added by subsection (b), shall take effect on the date of the enactment of this Act.

Subtitle B—Extensions Primarily Affecting Individuals

SEC. 211. DEDUCTION FOR STATE AND LOCAL SALES TAXES.

(a) IN GENERAL.—Subparagraph (I) of section 164(b)(5) is amended by striking ''January 1, 2008'' and inserting ''January 1, 2009''.

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

SEC. 212. DEDUCTION OF QUALIFIED TUITION AND RELATED EXPENSES.

(a) IN GENERAL.—Subsection (e) of section 222 is amended by striking ''December 31, 2007'' and inserting ''December 31, 2008''.

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

SEC. 213. TREATMENT OF CERTAIN DIVIDENDS OF REGULATED INVESTMENT COMPANIES.

(a) INTEREST-RELATED DIVIDENDS.—Subparagraph (C) of section 871(k)(1) (defining interest-related dividend) is amended by striking ''December 31, 2007'' and inserting ''December 31, 2008''.

(b) SHORT-TERM CAPITAL GAIN DIVIDENDS.—Subparagraph (C) of section 871(k)(2) (defining short-term capital gain dividend) is amended by striking ''December 31, 2007'' and inserting ''December 31, 2008''.

(c) EFFECTIVE DATE.—The amendments made by this section shall apply to dividends with respect to taxable years of regulated investment companies beginning after December 31, 2007.

SEC. 214. TAX-FREE DISTRIBUTIONS FROM INDIVIDUAL RETIREMENT PLANS FOR CHARITABLE PURPOSES.

(a) IN GENERAL.—Subparagraph (F) of section 408(d)(8) is amended by striking ''December 31, 2007'' and inserting ''December 31, 2008''.

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

SEC. 215. DEDUCTION FOR CERTAIN EXPENSES OF ELEMENTARY AND SECONDARY SCHOOL TEACHERS.

(a) IN GENERAL.—Subparagraph (D) of section 62(a)(2) is amended by striking ''or 2007'' and inserting ''2007, or 2008''.

(b) EFFECTIVE DATE.—The amendment made by subsection (a) shall apply to taxable years beginning after December 31, 2007.

SEC. 216. STOCK IN RIC FOR PURPOSES OF DETERMINING ESTATES OF NONRESIDENTS NOT CITIZENS.

(a) IN GENERAL.—Paragraph (3) of section 2105(d) is amended by striking ''December 31, 2007'' and inserting ''December 31, 2008''.

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

SEC. 217. QUALIFIED INVESTMENT ENTITIES.

(a) IN GENERAL.—Clause (ii) of section 897(h)(4)(A) is amended by striking ''December 31, 2007'' and inserting ''December 31, 2008''.

(b) EFFECTIVE DATE.—The amendment made by subsection (a) shall take effect on January 1, 2008, except that such amendment shall not apply to the application of withholding requirements with respect to any payment made on or before the date of the enactment of this Act.

SEC. 218. EXCLUSION OF AMOUNTS RECEIVED UNDER QUALIFIED GROUP LEGAL SERVICES PLANS.

(a) IN GENERAL.—Subsection (e) of section 120 is amended by striking ''shall not apply to taxable years beginning after June 30, 1992'' and inserting ''shall apply to taxable years beginning after December 31, 2007, and before January 1, 2009''.

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

Subtitle C—Extensions Primarily Affecting Businesses

SEC. 221. EXTENSION AND MODIFICATION OF RESEARCH CREDIT.

(a) EXTENSION.—Section 41(h) (relating to termination) is amended—

(1) by striking ''December 31, 2007'' and inserting ''December 31, 2008'' in paragraph (1)(B),

(2) by redesignating paragraph (2) as paragraph (3), and

(3) by inserting after paragraph (1) the following new paragraph:

''(2) TERMINATION OF ALTERNATIVE INCREMENTAL CREDIT.—No election under subsection (c)(4) shall apply to amounts paid or incurred after December 31, 2007.''.

(b) MODIFICATION OF ALTERNATIVE SIMPLIFIED CREDIT.—Paragraph (5)(A) of section 41(c) (relating to election of alternative simplified credit) is amended to read as follows:

''(A) IN GENERAL.—At the election of the taxpayer, the credit determined under subsection (a)(1) shall be equal to 14 percent of so much of the qualified research expenses for the taxable year as exceeds 50 percent of the average qualified research expenses for the 3 taxable years preceding the taxable year for which the credit is being determined.''.

(c) CONFORMING AMENDMENT.—Subparagraph (D) of section 45C(b)(1) (relating to special rule) is amended by striking ''December 31, 2007'' and inserting ''December 31, 2008''.

(d) TECHNICAL CORRECTION.—Paragraph (3) of section 41(h) is amended to read as follows:

''(2) COMPUTATION FOR TAXABLE YEAR IN WHICH CREDIT TERMINATES.—In the case of any taxable year with respect to which this section applies to a number of days which is less than the total number of days in such taxable year—

''(A) the amount determined under subsection (c)(1)(B) with respect to such taxable year shall be the amount which bears the same ratio to such amount (determined without regard to this paragraph) as the number of days in such taxable year to which this section applies bears to the total number of days in such taxable year, and

''(B) for purposes of subsection (c)(5), the average qualified research expenses for the preceding 3 taxable years shall be the amount which bears the same ratio to such average qualified research expenses (determined without regard to this paragraph) as the number of days in such taxable year to which this section applies bears to the total number of days in such taxable year.''.

(e) EFFECTIVE DATE.—The amendments made by this section shall apply to amounts paid or incurred after December 31, 2007.

SEC. 222. INDIAN EMPLOYMENT CREDIT.

(a) IN GENERAL.—Subsection (f) of section 45A is amended by striking ''December 31, 2007'' and inserting ''December 31, 2008''.

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

SEC. 223. NEW MARKETS TAX CREDIT.

Subparagraph (D) of section 45D(f)(1) is amended by striking ''and 2008'' and inserting ''2008, and 2009''.

SEC. 224. RAILROAD TRACK MAINTENANCE.

(a) IN GENERAL.—Subsection (f) of section 45G (relating to application of section) is amended by striking ''January 1, 2008'' and inserting ''January 1, 2009''.

(b) CREDIT ALLOWED AGAINST ALTERNATIVE MINIMUM TAX.—Subparagraph (B) of section 38(c)(4) (relating to specified credits), as amended by section 103, is amended—

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

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

''(iv) the credit determined under section 45G,''.

(c) EFFECTIVE DATES.—

(1) The amendment made by subsection (a) shall apply to expenditures paid or incurred during taxable years beginning after December 31, 2007.

(2) The amendments made by subsection (b) shall apply to credits determined under section 45G in taxable years beginning after December 31, 2007, and to carrybacks of such credits.

SEC. 225. EXTENSION OF MINE RESCUE TEAM TRAINING CREDIT.

Section 45N(e) (relating to termination) is amended by striking ''December 31, 2008'' and inserting ''December 31, 2009''.

SEC. 226. EXTENSION OF 15-YEAR STRAIGHT-LINE COST RECOVERY FOR QUALIFIED LEASEHOLD IMPROVEMENTS AND QUALIFIED RESTAURANT IMPROVEMENTS; 15-YEAR STRAIGHT-LINE COST RECOVERY FOR CERTAIN IMPROVEMENTS TO RETAIL SPACE.

(a) EXTENSION OF LEASEHOLD AND RESTAURANT IMPROVEMENTS.—

(1) IN GENERAL.—Clauses (iv) and (v) of section 168(e)(3)(E) (relating to 15-year property) are each amended by striking ''January 1, 2008'' and inserting ''January 1, 2009''.

(2) EFFECTIVE DATE.—The amendments made by this subsection shall apply to property placed in service after December 31, 2007.

(b) TREATMENT TO INCLUDE NEW CONSTRUCTION.—

(1) IN GENERAL.—Paragraph (7) of section 168(e) (relating to classification of property) is amended to read as follows:

''(7) QUALIFIED RESTAURANT PROPERTY.—The term 'qualified restaurant property' means any section 1250 property which is a building or an improvement to a building if more than 50 percent of the building's square footage is devoted to preparation of, and seating for on-premises consumption of, prepared meals.''.

(2) EFFECTIVE DATE.—The amendments made by this subsection shall apply to property placed in service after the date of the enactment of this Act.

(c) RECOVERY PERIOD FOR DEPRECIATION OF CERTAIN IMPROVEMENTS TO RETAIL SPACE.—

(1) 15-YEAR RECOVERY PERIOD.—Section 168(e)(3)(E) (relating to 15-year property) is amended by striking ''and'' at the end of clause (vii), by striking the period at the end of clause (viii) and inserting '', and'', and by adding at the end the following new clause:

''(ix) any qualified retail improvement property placed in service before January 1, 2009.''.

(2) QUALIFIED RETAIL IMPROVEMENT PROPERTY.—Section 168(e) is amended by adding at the end the following new paragraph:

''(8) QUALIFIED RETAIL IMPROVEMENT PROPERTY.—

''(A) IN GENERAL.—The term 'qualified retail improvement property' means any improvement to an interior portion of a building which is nonresidential real property if—

''(i) such portion is open to the general public and is used in the retail trade or business of selling tangible personal property to the general public, and

''(ii) such improvement is placed in service more than 3 years after the date the building was first placed in service.

''(B) IMPROVEMENTS MADE BY OWNER.—In the case of an improvement made by the owner of such improvement, such improvement shall be qualified retail improvement property (if at all) only so long as such improvement is held by such owner. Rules similar to the rules under paragraph (6)(B) shall apply for purposes of the preceding sentence.

''(C) CERTAIN IMPROVEMENTS NOT INCLUDED.—Such term shall not include any improvement for which the expenditure is attributable to—

''(i) the enlargement of the building,

''(ii) any elevator or escalator,

''(iii) any structural component benefitting a common area, or

''(iv) the internal structural framework of the building.''.

(3) REQUIREMENT TO USE STRAIGHT LINE METHOD.—Section 168(b)(3) is amended by adding at the end the following new subparagraph:

''(I) Qualified retail improvement property described in subsection (e)(8).''.

(4) ALTERNATIVE SYSTEM.—The table contained in section 168(g)(3)(B) is amended by inserting after the item relating to subparagraph (E)(viii) the following new item:

''(E)(ix) ..... 39''.

(5) EFFECTIVE DATE.—The amendments made by this subsection shall apply to property placed in service after the date of the enactment of this Act.

SEC. 227. SEVEN-YEAR COST RECOVERY PERIOD FOR MOTORSPORTS RACING TRACK FACILITY.

(a) IN GENERAL.—Subparagraph (D) of section 168(i)(15) is amended by striking ''December 31, 2007'' and inserting ''December 31, 2008''.

(b) EFFECTIVE DATE.—The amendment made by this section shall apply to property placed in service after December 31, 2007.

SEC. 228. ACCELERATED DEPRECIATION FOR BUSINESS PROPERTY ON INDIAN RESERVATION.

(a) IN GENERAL.—Paragraph (8) of section 168(j) is amended by striking ''December 31, 2007'' and inserting ''December 31, 2008''.

(b) EFFECTIVE DATE.—The amendment made by this section shall apply to property placed in service after December 31, 2007.

SEC. 229. EXTENSION OF ELECTION TO EXPENSE ADVANCED MINE SAFETY EQUIPMENT.

Section 179E(g) (relating to termination) is amended by striking ''December 31, 2008'' and inserting ''December 31, 2009''.

SEC. 230. EXPENSING OF ENVIRONMENTAL REMEDIATION COSTS.

(a) IN GENERAL.—Subsection (h) of section 198 is amended by striking ''December 31, 2007'' and inserting ''December 31, 2008''.

(b) EFFECTIVE DATE.—The amendment made by this section shall apply to expenditures paid or incurred after December 31, 2007.

SEC. 231. DEDUCTION ALLOWABLE WITH RESPECT TO INCOME ATTRIBUTABLE TO DOMESTIC PRODUCTION ACTIVITIES IN PUERTO RICO.

(a) IN GENERAL.—Subparagraph (C) of section 199(d)(8) is amended—

(1) by striking ''first 2 taxable years'' and inserting ''first 3 taxable years'', and

(2) by striking ''January 1, 2008'' and inserting ''January 1, 2009''.

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

SEC. 232. MODIFICATION OF TAX TREATMENT OF CERTAIN PAYMENTS TO CONTROLLING EXEMPT ORGANIZATIONS.

(a) IN GENERAL.—Clause (iv) of section 512(b)(13)(E) is amended by striking ''December 31, 2007'' and inserting ''December 31, 2008''.

(b) EFFECTIVE DATE.—The amendment made by this section shall apply to payments received or accrued after December 31, 2007.

SEC. 233. QUALIFIED ZONE ACADEMY BONDS.

(a) IN GENERAL.—Subpart I of part IV of subchapter A of chapter 1, as amended by sections 106 and 141, is amended by adding at the end the following new section:

''SEC. 54E. QUALIFIED ZONE ACADEMY BONDS.

''(a) QUALIFIED ZONE ACADEMY BONDS.—For purposes of this subchapter, the term 'qualified zone academy bond' means any bond issued as part of an issue if—

''(1) 100 percent of the available project proceeds of such issue are to be used for a qualified purpose with respect to a qualified zone academy established by an eligible local education agency,

''(2) the bond is issued by a State or local government within the jurisdiction of which such academy is located, and

''(3) the issuer—

''(A) designates such bond for purposes of this section,

''(B) certifies that it has written assurances that the private business contribution requirement of subsection (b) will be met with respect to such academy, and

''(C) certifies that it has the written approval of the eligible local education agency for such bond issuance.

''(b) PRIVATE BUSINESS CONTRIBUTION REQUIREMENT.—For purposes of subsection (a), the private business contribution requirement of this subsection is met with respect to any issue if the eligible local education agency that established the qualified zone academy has written commitments from private entities to make qualified contributions having a present value (as of the date of issuance of the issue) of not less than 10 percent of the proceeds of the issue.

''(c) LIMITATION ON AMOUNT OF BONDS DESIGNATED.—

''(1) NATIONAL LIMITATION.—There is a national zone academy bond limitation for each calendar year. Such limitation is $400,000,000 for 2008, and, except as provided in paragraph (4), zero thereafter.

''(2) ALLOCATION OF LIMITATION.—The national zone academy bond limitation for a calendar year shall be allocated by the Secretary among the States on the basis of their respective populations of individuals below the poverty line (as defined by the Office of Management and Budget). The limitation amount allocated to a State under the preceding sentence shall be allocated by the State education agency to qualified zone academies within such State.

''(3) DESIGNATION SUBJECT TO LIMITATION AMOUNT.—The maximum aggregate face amount of bonds issued during any calendar year which may be designated under subsection (a) with respect to any qualified zone academy shall not exceed the limitation amount allocated to such academy under paragraph (2) for such calendar year.

''(4) CARRYOVER OF UNUSED LIMITATION.—

''(A) IN GENERAL.—If for any calendar year—

''(i) the limitation amount for any State, exceeds

''(ii) the amount of bonds issued during such year which are designated under subsection (a) with respect to qualified zone academies within such State,

the limitation amount for such State for the following calendar year shall be increased by the amount of such excess.

''(B) LIMITATION ON CARRYOVER.—Any carryforward of a limitation amount may be carried only to the first 2 years following the unused limitation year. For purposes of the preceding sentence, a limitation amount shall be treated as used on a first-in first-out basis.

''(C) COORDINATION WITH SECTION 1397E.—Any carryover determined under section 1397E(e)(4) (relating to carryover of unused limitation) with respect to any State to calendar year 2008 shall be treated for purposes of this section as a carryover with respect to such State for such calendar year under subparagraph (A), and the limitation of subparagraph (B) shall apply to such carryover taking into account the calendar years to which such carryover relates.

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

''(1) QUALIFIED ZONE ACADEMY.—The term 'qualified zone academy' means any public school (or academic program within a public school) which is established by and operated under the supervision of an eligible local education agency to provide education or training below the postsecondary level if—

''(A) such public school or program (as the case may be) is designed in cooperation with business to enhance the academic curriculum, increase graduation and employment rates, and better prepare students for the rigors of college and the increasingly complex workforce,

''(B) students in such public school or program (as the case may be) will be subject to the same academic standards and assessments as other students educated by the eligible local education agency,

''(C) the comprehensive education plan of such public school or program is approved by the eligible local education agency, and

''(D)(i) such public school is located in an empowerment zone or enterprise community (including any such zone or community designated after the date of the enactment of this section), or

''(ii) there is a reasonable expectation (as of the date of issuance of the bonds) that at least 35 percent of the students attending such school or participating in such program (as the case may be) will be eligible for free or reduced-cost lunches under the school lunch program established under the National School Lunch Act.

''(2) ELIGIBLE LOCAL EDUCATION AGENCY.—For purposes of this section, the term 'eligible local education agency' means any local educational agency as defined in section 9101 of the Elementary and Secondary Education Act of 1965.

''(3) QUALIFIED PURPOSE.—The term 'qualified purpose' means, with respect to any qualified zone academy—

''(A) rehabilitating or repairing the public school facility in which the academy is established,

''(B) providing equipment for use at such academy,

''(C) developing course materials for education to be provided at such academy, and

''(D) training teachers and other school personnel in such academy.

''(4) QUALIFIED CONTRIBUTIONS.—The term 'qualified contribution' means any contribution (of a type and quality acceptable to the eligible local education agency) of—

''(A) equipment for use in the qualified zone academy (including state-of-the-art technology and vocational equipment),

''(B) technical assistance in developing curriculum or in training teachers in order to promote appropriate market driven technology in the classroom,

''(C) services of employees as volunteer mentors,

''(D) internships, field trips, or other educational opportunities outside the academy for students, or

''(E) any other property or service specified by the eligible local education agency.''.

(b) CONFORMING AMENDMENTS.—

(1) Paragraph (1) of section 54A(d), as amended by sections 106 and 141, is amended by striking ''or'' at the end of subparagraph (B), by inserting ''or'' at the end of subparagraph (C), and by inserting after subparagraph (C) the following new subparagraph:

''(D) a qualified zone academy bond,''.

(2) Subparagraph (C) of section 54A(d)(2), as amended by sections 106 and 141, is amended by striking ''and'' at the end of clause (ii), by striking the period at the end of clause (iii) and inserting '', and'', and by adding at the end the following new clause:

''(iv) in the case of a qualified zone academy bond, a purpose specified in section 54E(a)(1).''.

(3) Section 1397E is amended by adding at the end the following new subsection:

''(m) TERMINATION.—This section shall not apply to any obligation issued after the date of the enactment of this Act.''.

(4) The table of sections for subpart I of part IV of subchapter A of chapter 1 is amended by adding at the end the following new item:

''Sec. 54E. Qualified zone academy bonds.''.

(c) EFFECTIVE DATE.—The amendments made by this section shall apply to obligations issued after the date of the enactment of this Act.

SEC. 234. TAX INCENTIVES FOR INVESTMENT IN THE DISTRICT OF COLUMBIA.

(a) DESIGNATION OF ZONE.—

(1) IN GENERAL.—Subsection (f) of section 1400 is amended by striking ''2007'' both places it appears and inserting ''2008''.

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

(b) TAX-EXEMPT ECONOMIC DEVELOPMENT BONDS.—

(1) IN GENERAL.—Subsection (b) of section 1400A is amended by striking ''2007'' and inserting ''2008''.

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

(c) ZERO PERCENT CAPITAL GAINS RATE.—

(1) IN GENERAL.—Subsection (b) of section 1400B is amended by striking ''2008'' each place it appears and inserting ''2009''.

(2) CONFORMING AMENDMENTS.—

(A) Section 1400B(e)(2) is amended—

(i) by striking ''2012'' and inserting ''2013'', and

(ii) by striking ''2012'' in the heading thereof and inserting ''2013''.

(B) Section 1400B(g)(2) is amended by striking ''2012'' and inserting ''2013''.

(C) Section 1400F(d) is amended by striking ''2012'' and inserting ''2013''.

(3) EFFECTIVE DATES.—

(A) EXTENSION.—The amendments made by paragraph (1) shall apply to acquisitions after December 31, 2007.

(B) CONFORMING AMENDMENTS.—The amendments made by paragraph (2) shall take effect on the date of the enactment of this Act.

(d) FIRST-TIME HOMEBUYER CREDIT.—

(1) IN GENERAL.—Subsection (i) of section 1400C is amended by striking ''2008'' and inserting ''2009''.

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

SEC. 235. ECONOMIC DEVELOPMENT CREDIT FOR AMERICAN SAMOA.

(a) IN GENERAL.—Subsection (d) of section 119 of division A of the Tax Relief and Health Care Act of 2006 is amended—

(1) by striking ''first two taxable years'' and inserting ''first 3 taxable years'', and

(2) by striking ''January 1, 2008'' and inserting ''January 1, 2009''.

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

SEC. 236. ENHANCED CHARITABLE DEDUCTION FOR CONTRIBUTIONS OF FOOD INVENTORY.

(a) IN GENERAL.—Clause (iv) of section 170(e)(3)(C) is amended by striking ''December 31, 2007'' and inserting ''December 31, 2008''.

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

SEC. 237. ENHANCED CHARITABLE DEDUCTION FOR CONTRIBUTIONS OF BOOK INVENTORY TO PUBLIC SCHOOLS.

(a) IN GENERAL.—Clause (iv) of section 170(e)(3)(D) is amended by striking ''December 31, 2007'' and inserting ''December 31, 2008''.

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

SEC. 238. ENHANCED DEDUCTION FOR QUALIFIED COMPUTER CONTRIBUTIONS.

(a) IN GENERAL.—Subparagraph (G) of section 170(e)(6) is amended by striking ''December 31, 2007'' and inserting ''December 31, 2008''.

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

SEC. 239. BASIS ADJUSTMENT TO STOCK OF S CORPORATIONS MAKING CHARITABLE CONTRIBUTIONS OF PROPERTY.

(a) IN GENERAL.—The last sentence of section 1367(a)(2) is amended by striking ''December 31, 2007'' and inserting ''December 31, 2008''.

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

SEC. 240. WORK OPPORTUNITY TAX CREDIT FOR HURRICANE KATRINA EMPLOYEES.

(a) IN GENERAL.—Paragraph (1) of section 201(b) of the Katrina Emergency Tax Relief Act of 2005 is amended by striking ''2-year'' and inserting ''3-year''.

(b) EFFECTIVE DATE.—The amendment made by subsection (a) shall apply to individuals hired after August 27, 2007.

SEC. 241. SUBPART F EXCEPTION FOR ACTIVE FINANCING INCOME.

(a) EXEMPT INSURANCE INCOME.—Paragraph (10) of section 953(e) (relating to application) is amended—

(1) by striking ''January 1, 2009'' and inserting ''January 1, 2010'', and

(2) by striking ''December 31, 2008'' and inserting ''December 31, 2009''.

(b) EXCEPTION TO TREATMENT AS FOREIGN PERSONAL HOLDING COMPANY INCOME.—Paragraph (9) of section 954(h) (relating to application) is amended by striking ''January 1, 2009'' and inserting ''January 1, 2010''.

SEC. 242. LOOK-THRU RULE FOR RELATED CONTROLLED FOREIGN CORPORATIONS.

(a) IN GENERAL.—Subparagraph (C) of section 954(c)(6) (relating to application) is amended by striking ''January 1, 2009'' and inserting ''January 1, 2010''.

(b) EFFECTIVE DATE.—The amendment made by this section shall apply to taxable years of foreign corporations beginning after December 31, 2008, and to taxable years of United States shareholders with or within which such taxable years of foreign corporations end.

SEC. 243. EXPENSING FOR CERTAIN QUALIFIED FILM AND TELEVISION PRODUCTIONS.

(a) IN GENERAL.—Subsection (f) of section 181 is amended by striking ''December 31, 2008'' and inserting ''December 31, 2009''.

(b) EFFECTIVE DATE.—The amendment made by this section shall apply to productions commencing after December 31, 2008.

SEC. 244. EXTENSION AND MODIFICATION OF DUTY SUSPENSION ON WOOL PRODUCTS; WOOL RESEARCH FUND; WOOL DUTY REFUNDS.

(a) EXTENSION OF TEMPORARY DUTY REDUCTIONS.—Each of the following headings of the Harmonized Tariff Schedule of the United States is amended by striking the date in the effective period column and inserting ''12/31/2014'':

(1) Heading 9902.51.11 (relating to fabrics of worsted wool).

(2) Heading 9902.51.13 (relating to yarn of combed wool).

(3) Heading 9902.51.14 (relating to wool fiber, waste, garnetted stock, combed wool, or wool top).

(4) Heading 9902.51.15 (relating to fabrics of combed wool).

(5) Heading 9902.51.16 (relating to fabrics of combed wool).

(b) EXTENSION OF DUTY REFUNDS AND WOOL RESEARCH TRUST FUND.—

(1) IN GENERAL.—Section 4002(c) of the Wool Suit and Textile Trade Extension Act of 2004 (Public Law 108–429; 118 Stat. 2603) is amended—

(A) in paragraph (3)(C), by striking ''2010'' and inserting ''2015''; and

(B) in paragraph (6)(A), by striking ''through 2009'' and inserting ''through 2014''.

(2) SUNSET.—Section 506(f) of the Trade and Development Act of 2000 (Public 106–200; 114 Stat. 303 (7 U.S.C. 7101 note)) is amended by striking ''2010'' and inserting ''2015''.

Subtitle D—Other Extensions

SEC. 251. AUTHORITY TO DISCLOSE INFORMATION RELATED TO TERRORIST ACTIVITIES MADE PERMANENT.

(a) IN GENERAL.—Subparagraph (C) of section 6103(i)(3) is amended by striking clause (iv).

(b) DISCLOSURE ON REQUEST.—Paragraph (7) of section 6103(i) is amended by striking subparagraph (E).

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

SEC. 252. AUTHORITY FOR UNDERCOVER OPERATIONS MADE PERMANENT.

(a) IN GENERAL.—Subsection (c) of section 7608 is amended by striking paragraph (6).

(b) EFFECTIVE DATE.—The amendment made by this section shall take effect on January 1, 2008.

SEC. 253. INCREASE IN LIMIT ON COVER OVER OF RUM EXCISE TAX TO PUERTO RICO AND THE VIRGIN ISLANDS.

(a) IN GENERAL.—Paragraph (1) of section 7652(f) is amended by striking ''January 1, 2008'' and inserting ''January 1, 2009''.

(b) EFFECTIVE DATE.—The amendment made by this section shall apply to distilled spirits brought into the United States after December 31, 2007.

TITLE III—ADDITIONAL RELIEF

Subtitle A—Individual Tax Relief

SEC. 301. ADDITIONAL STANDARD DEDUCTION FOR REAL PROPERTY TAXES FOR NONITEMIZERS.

(a) IN GENERAL.—Section 63(c)(1) (defining standard deduction) is amended by striking ''and'' at the end of subparagraph (A), by striking the period at the end of subparagraph (B) and inserting '', and'', and by adding at the end the following new subparagraph:

''(C) in the case of any taxable year beginning in 2008, the real property tax deduction.''.

(b) DEFINITION.—Section 63(c) is amended by adding at the end the following new paragraph:

''(7) REAL PROPERTY TAX DEDUCTION.—For purposes of paragraph (1), the real property tax deduction is the lesser of—

''(A) the amount allowable as a deduction under this chapter for State and local taxes described in section 164(a)(1), or

''(B) $350 ($700 in the case of a joint return).

Any taxes taken into account under section 62(a) shall not be taken into account under this paragraph.''.

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

SEC. 302. $10,000 INCOME THRESHOLD USED TO CALCULATE REFUNDABLE PORTION OF CHILD TAX CREDIT.

(a) IN GENERAL.—Section 24(d) (relating to portion of credit refundable) is amended by adding at the end the following new paragraph:

''(4) SPECIAL RULE FOR 2008.—Notwithstanding paragraph (3), in the case of any taxable year beginning in 2008, the dollar amount in effect for such taxable year under paragraph (1)(B)(i) shall be $10,000.''.

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

SEC. 303. INCOME AVERAGING FOR AMOUNTS 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) CONTRIBUTIONS OF AMOUNTS RECEIVED TO RETIREMENT ACCOUNTS.—

(1) IN GENERAL.—Any qualified taxpayer who receives qualified settlement income during the taxable year may, at any time before the end of the taxable year in which such income was received, make one or more contributions to an eligible retirement plan of which such qualified taxpayer is a beneficiary in an aggregate amount not to exceed the lesser of—

(A) $100,000 (reduced by the amount of qualified settlement income contributed to an eligible retirement plan in prior taxable years pursuant to this subsection), or

(B) the amount of qualified settlement income received by the individual during the taxable year.

(2) TIME WHEN CONTRIBUTIONS DEEMED MADE.—For purposes of paragraph (1), a qualified taxpayer shall be deemed to have made a contribution to an eligible retirement plan on the last day of the taxable year in which such income is received if the contribution is made on account of such taxable year and is made not later than the time prescribed by law for filing the return for such taxable year (not including extensions thereof).

(3) TREATMENT OF CONTRIBUTIONS TO ELIGIBLE RETIREMENT PLANS.—For purposes of the Internal Revenue Code of 1986, if a contribution is made pursuant to paragraph (1) with respect to qualified settlement income, then—

(A) except as provided in paragraph (4)—

(i) to the extent of such contribution, the qualified settlement income shall not be included in taxable income, and

(ii) for purposes of section 72 of such Code, such contribution shall not be considered to be investment in the contract,

(B) the qualified taxpayer shall, to the extent of the amount of the contribution, be treated—

(i) as having received the qualified settlement income—

(I) in the case of a contribution to an individual retirement plan (as defined under section 7701(a)(37) of such Code), in a distribution described in section 408(d)(3) of such Code, and

(II) in the case of any other eligible retirement plan, in an eligible rollover distribution (as defined under section 402(f)(2) of such Code), and

(ii) as having transferred the amount to the eligible retirement plan in a direct trustee to trustee transfer within 60 days of the distribution,

(C) section 408(d)(3)(B) of the Internal Revenue Code of 1986 shall not apply with respect to amounts treated as a rollover under this paragraph, and

(D) section 408A(c)(3)(B) of the Internal Revenue Code of 1986 shall not apply with respect to amounts contributed to a Roth IRA (as defined under section 408A(b) of such Code) or a designated Roth contribution to an applicable retirement plan (within the meaning of section 402A of such Code) under this paragraph.

(4) SPECIAL RULE FOR ROTH IRAS AND ROTH 401(k)S.—For purposes of the Internal Revenue Code of 1986, if a contribution is made pursuant to paragraph (1) with respect to qualified settlement income to a Roth IRA (as defined under section 408A(b) of such Code) or as a designated Roth contribution to an applicable retirement plan (within the meaning of section 402A of such Code), then—

(A) the qualified settlement income shall be includible in taxable income, and

(B) for purposes of section 72 of such Code, such contribution shall be considered to be investment in the contract.

(5) ELIGIBLE RETIREMENT PLAN.—For purpose of this subsection, the term ''eligible retirement plan'' has the meaning given such term under section 402(c)(8)(B) of the Internal Revenue Code of 1986.

(c) TREATMENT OF QUALIFIED SETTLEMENT INCOME UNDER EMPLOYMENT TAXES.—

(1) 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.

(2) FICA.—For purposes of chapter 21 of the Internal Revenue Code of 1986 and section 209 of the Social Security Act, no portion of qualified settlement income received by a qualified taxpayer shall be treated as wages.

(d) QUALIFIED TAXPAYER.—For purposes of this section, the term ''qualified taxpayer'' means—

(1) any individual who is a plaintiff in the civil action *In re Exxon Valdez*, No. 89–095–CV (HRH) (Consolidated) (D. Alaska); or

(2) any individual who is a 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.

(e) QUALIFIED SETTLEMENT INCOME.—For purposes of this section, the term ''qualified settlement income'' means any interest and punitive damage awards which are—

(1) otherwise includible in taxable income, and

(2) 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).

Subtitle B—Business Related Provisions

SEC. 311. UNIFORM TREATMENT OF ATTORNEY-ADVANCED EXPENSES AND COURT COSTS IN CONTINGENCY FEE CASES.

(a) IN GENERAL.—Section 162 is amended by redesignating subsection (q) as subsection (r) and by inserting after subsection (p) the following new subsection:

''(q) ATTORNEY-ADVANCED EXPENSES AND COURT COSTS IN CONTINGENCY FEE CASES.—In the case of any expense or court cost which is paid or incurred in the course of the trade or business of practicing law and the repayment of which is contingent on a recovery by judgment or settlement in the action to which such expense or cost relates, the deduction under subsection (a) shall be determined as if such expense or cost was not subject to repayment.''.

(b) EFFECTIVE DATE.—The amendment made by this section shall apply to expenses and costs paid or incurred in taxable years beginning after December 31, 2008.

SEC. 312. PROVISIONS RELATED TO FILM AND TELEVISION PRODUCTIONS.

(a) MODIFICATION OF LIMITATION ON EXPENSING.—Subparagraph (A) of section 181(a)(2) is amended to read as follows:

''(A) IN GENERAL.—Paragraph (1) shall not apply to so much of the aggregate cost of any qualified film or television production as exceeds $15,000,000.''.

(b) MODIFICATIONS TO DEDUCTION FOR DOMESTIC ACTIVITIES.—

(1) DETERMINATION OF W-2 WAGES.—Paragraph (2) of section 199(b) is amended by adding at the end the following new subparagraph:

''(D) SPECIAL RULE FOR QUALIFIED FILM.—In the case of a qualified film, such term shall include compensation for services performed in the United States by actors, production personnel, directors, and producers.''.

(2) DEFINITION OF QUALIFIED FILM.—Paragraph (6) of section 199(c) is amended by adding at the end the following: ''A qualified film shall include any copyrights, trademarks, or other intangibles with respect to such film. The methods and means of distributing a qualified film shall not affect the availability of the deduction under this section.''.

(3) PARTNERSHIPS.—Subparagraph (A) of section 199(d)(1) is amended by striking ''and'' at the end of clause (ii), by striking the period at the end of clause (iii) and inserting '', and'', and by adding at the end the following new clause:

''(iv) in the case of each partner of a partnership, or shareholder of an S corporation, who owns (directly or indirectly) at least 20 percent of the capital interests in such partnership or of the stock of such S corporation—

''(I) such partner or shareholder shall be treated as having engaged directly in any film produced by such partnership or S corporation, and

''(II) such partnership or S corporation shall be treated as having engaged directly in any film produced by such partner or shareholder.''.

(c) EFFECTIVE DATE.—

(1) IN GENERAL.—Except as otherwise provided in this subsection, the amendments made by this section shall apply to taxable years beginning after December 31, 2007.

(2) EXPENSING.—The amendments made by subsection (a) shall apply to qualified film and television productions commencing after December 31, 2007.

SEC. 313. MODIFICATION OF RATE OF EXCISE TAX ON CERTAIN WOODEN ARROWS DESIGNED FOR USE BY CHILDREN.

(a) IN GENERAL.—Paragraph (2) of section 4161(b) (relating to arrows) is amended by redesignating subparagraph (B) as subparagraph (C) and by inserting after subparagraph (A) the following new subparagraph:

''(B) EXEMPTION FOR CERTAIN WOODEN ARROW SHAFTS.—Subparagraph (A) shall not apply to any shaft consisting of all natural wood with no laminations or artificial means of enhancing the spine of such shaft (whether sold separately or incorporated as part of a finished or unfinished product) of a type used in the manufacture of any arrow which after its assembly—

''(i) measures 5/16 of an inch or less in diameter, and

''(ii) is not suitable for use with a bow described in paragraph (1)(A).''.

(b) EFFECTIVE DATE.—The amendments made by this section shall apply to shafts first sold after the date of enactment of this Act.

Subtitle C—Modification of Penalty on Understatement of Taxpayer's Liability by Tax Return Preparer

SEC. 321. MODIFICATION OF PENALTY ON UNDERSTATEMENT OF TAXPAYER'S LIABILITY BY TAX RETURN PREPARER.

(a) IN GENERAL.—Subsection (a) of section 6694 (relating to understatement due to unreasonable positions) is amended to read as follows:

''(a) UNDERSTATEMENT DUE TO UNREASONABLE POSITIONS.—

''(1) IN GENERAL.—If a tax return preparer—

''(A) prepares any return or claim of refund with respect to which any part of an understatement of liability is due to a position described in paragraph (2), and

''(B) knew (or reasonably should have known) of the position,

such tax return preparer shall pay a penalty with respect to each such return or claim in

an amount equal to the greater of $1,000 or 50 percent of the income derived (or to be derived) by the tax return preparer with respect to the return or claim.

''(2) UNREASONABLE POSITION.—

''(A) IN GENERAL.—Except as otherwise provided in this paragraph, a position is described in this paragraph unless there is or was substantial authority for the position.

''(B) DISCLOSED POSITIONS.—If the position was disclosed as provided in section 6662(d)(2)(B)(ii)(I) and is not a position to which subparagraph (C) applies, the position is described in this paragraph unless there is a reasonable basis for the position.

''(C) TAX SHELTERS AND REPORTABLE TRANSACTIONS.—If the position is with respect to a tax shelter (as defined in section 6662(d)(2)(C)(ii)) or a reportable transaction to which section 6662A applies, the position is described in this paragraph unless it is reasonable to believe that the position would more likely than not be sustained on its merits.

''(3) REASONABLE CAUSE EXCEPTION.—No penalty shall be imposed under this subsection if it is shown that there is reasonable cause for the understatement and the tax return preparer acted in good faith.''.

(b) EFFECTIVE DATE.—The amendment made by this section shall apply—

(1) in the case of a position other than a position described in subparagraph (C) of section 6694(a)(2) of the Internal Revenue Code of 1986 (as amended by this section), to returns prepared after May 25, 2007, and

(2) in the case of a position described in such subparagraph (C), to returns prepared for taxable years ending after the date of the enactment of this Act.

Subtitle D—Extension and Expansion of Certain GO Zone Incentives

SEC. 331. CERTAIN GO ZONE INCENTIVES.

(a) USE OF AMENDED INCOME TAX RETURNS TO TAKE INTO ACCOUNT RECEIPT OF CERTAIN HURRICANE-RELATED CASUALTY LOSS GRANTS BY DISALLOWING PREVIOUSLY TAKEN CASUALTY LOSS DEDUCTIONS.—

(1) IN GENERAL.—Notwithstanding any other provision of the Internal Revenue Code of 1986, if a taxpayer claims a deduction for any taxable year with respect to a casualty loss to a principal residence (within the meaning of section 121 of such Code) resulting from Hurricane Katrina, Hurricane Rita, or Hurricane Wilma and in a subsequent taxable year receives a grant under Public Law 109–148, 109–234, or 110–116 as reimbursement for such loss, such taxpayer may elect to file an amended income tax return for the taxable year in which such deduction was allowed (and for any taxable year to which such deduction is carried) and reduce (but not below zero) the amount of such deduction by the amount of such reimbursement.

(2) TIME OF FILING AMENDED RETURN.—Paragraph (1) shall apply with respect to any grant only if any amended income tax returns with respect to such grant are filed not later than the later of—

(A) the due date for filing the tax return for the taxable year in which the taxpayer receives such grant, or

(B) the date which is 1 year after the date of the enactment of this Act.

(3) WAIVER OF PENALTIES AND INTEREST.—Any underpayment of tax resulting from the reduction under paragraph (1) of the amount otherwise allowable as a deduction shall not be subject to any penalty or interest under such Code if such tax is paid not later than 1 year after the filing of the amended return to which such reduction relates.

(b) WAIVER OF DEADLINE ON CONSTRUCTION OF GO ZONE PROPERTY ELIGIBLE FOR BONUS DEPRECIATION.—

(1) IN GENERAL.—Subparagraph (B) of section 1400N(d)(3) is amended to read as follows:

''(B) without regard to 'and before January 1, 2009' in clause (i) thereof, and''.

(2) EFFECTIVE DATE.—The amendment made by this subsection shall apply to property placed in service after December 31, 2007.

(c) INCLUSION OF CERTAIN COUNTIES IN GULF OPPORTUNITY ZONE FOR PURPOSES OF TAX-EXEMPT BOND FINANCING.—

(1) IN GENERAL.—Subsection (a) of section 1400N is amended by adding at the end the following new paragraph:

''(8) INCLUSION OF CERTAIN COUNTIES.—For purposes of this subsection, the Gulf Opportunity Zone includes Colbert County, Alabama and Dallas County, Alabama.''.

(2) EFFECTIVE DATE.—The amendment made by this subsection shall take effect as if included in the provisions of the Gulf Opportunity Zone Act of 2005 to which it relates.

Subtitle E—Other Provisions

SEC. 341. 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) $500,000,000 for fiscal year 2008; and

''(B) 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 2008 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 2008 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, 2008, 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 amounts that are appropriated to carry out this Act;

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

''(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 STATES.

''(a) DEFINITIONS.—In this section:

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

''(A) 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;

''(B) for fiscal year 2009, 76 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

''(C) for fiscal year 2010, 65 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, Louisiana, Oregon, Pennsylvania, South Carolina, South Dakota, Texas, and Washington.

''(b) TRANSITION PAYMENTS.—For each of fiscal years 2008 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.—Except as provided in subsection (d), it is the intent of Congress that the method of distributing the payments under subsection (b) among the counties in the covered States for each of fiscal years 2008 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 2008, 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 2008, 35 percent.

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

''(iii) 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, 2010, 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 MULTI YEAR 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 2008 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 section in this title regarding Payments in Lieu of Taxes shall be treated in the baseline for purposes of section 257 of the Balanced Budget and Emergency Deficit Control Act of 1985 (as in effect prior to September 30, 2002), and by the Chairmen of the House and Senate Budget Committees, as appropriate, for purposes of budget enforcement in the House and Senate, and under the Congressional Budget Act of 1974 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 remain in effect for the fiscal years to which the entitlement in section 6906 of title 31, United States Code (as amended by paragraph (1)), applies.

SEC. 342. CLARIFICATION OF UNIFORM DEFINITION OF CHILD.

(a) CHILD MUST BE YOUNGER THAN CLAIMANT.—Section 152(c)(3)(A) (relating to age requirements) is amended by inserting ''is younger than the taxpayer claiming such individual as a qualifying child and'' after ''such individual''.

(b) CHILD MUST BE UNMARRIED.—Section 152(c)(1) (relating to qualifying child) is amended by striking ''and'' at the end of subparagraph (C), by striking the period at the end of subparagraph (D) and inserting '', and'', and by adding at the end the following new subparagraph:

''(E) who has not filed a joint return (other than only for a claim of refund) with the individual's spouse under section 6013 for the taxable year beginning in the calendar year in which the taxable year of the taxpayer begins.''.

(c) RESTRICT QUALIFYING CHILD TAX BENEFITS TO CHILD'S PARENT.—

(1) CHILD TAX CREDIT.—Subsection (a) of section 24 (relating to child tax credit) is amended by inserting ''for which the taxpayer is allowed a deduction under section 151'' after ''of the taxpayer''.

(2) PERSONS OTHER THAN PARENTS CLAIMING QUALIFYING CHILD.—

(A) IN GENERAL.—Paragraph (4) of section 152(c) is amended by adding at the end the following new subparagraph:

''(C) NO PARENT CLAIMING QUALIFYING CHILD.—If the parents of an individual may claim such individual as a qualifying child but no parent so claims the individual, such individual may be claimed as the qualifying child of another taxpayer but only if the adjusted gross income of such taxpayer is higher than the highest adjusted gross income of any parent of the individual.''.

(B) CONFORMING AMENDMENTS.—

(i) Subparagraph (A) of section 152(c)(4) is amended by striking ''Except'' through ''2 or more taxpayers'' and inserting ''Except as provided in subparagraphs (B) and (C), if (but for this paragraph) an individual may be claimed as a qualifying child by 2 or more taxpayers''.

(ii) The heading for paragraph (4) of section 152(c) is amended by striking ''CLAIMING'' and inserting ''WHO CAN CLAIM THE SAME''.

(d) EFFECTIVE DATE.—The amendments made by this section shall apply to taxable years beginning after December 31, 2008.

TITLE IV—REVENUE PROVISIONS

SEC. 401. NONQUALIFIED DEFERRED COMPENSATION FROM CERTAIN TAX INDIFFERENT PARTIES.

(a) IN GENERAL.—Subpart B of part II of subchapter E of chapter 1 is amended by inserting after section 457 the following new section:

''SEC. 457A. NONQUALIFIED DEFERRED COMPENSATION FROM CERTAIN TAX INDIFFERENT PARTIES.

''(a) IN GENERAL.—Any compensation which is deferred under a nonqualified deferred compensation plan of a nonqualified entity shall be includible in gross income when there is no substantial risk of forfeiture of the rights to such compensation.

''(b) NONQUALIFIED ENTITY.—For purposes of this section, the term 'nonqualified entity' means—

''(1) any foreign corporation unless substantially all of its income is—

''(A) effectively connected with the conduct of a trade or business in the United States, or

''(B) subject to a comprehensive foreign income tax, and

''(2) any partnership unless substantially all of its income is allocated to persons other than—

''(A) foreign persons with respect to whom such income is not subject to a comprehensive foreign income tax, and

''(B) organizations which are exempt from tax under this title.

''(c) DETERMINABILITY OF AMOUNTS OF COMPENSATION.—

''(1) IN GENERAL.—If the amount of any compensation is not determinable at the time that such compensation is otherwise includible in gross income under subsection (a)—

''(A) such amount shall be so includible in gross income when determinable, and

''(B) the tax imposed under this chapter for the taxable year in which such compensation is includible in gross income shall be increased by the sum of—

''(i) the amount of interest determined under paragraph (2), and

''(ii) an amount equal to 20 percent of the amount of such compensation.

''(2) INTEREST.—For purposes of paragraph (1)(B)(i), the interest determined under this paragraph for any taxable year is the amount of interest at the underpayment rate under section 6621 plus 1 percentage point on the underpayments that would have occurred had the deferred compensation been includible in gross income for the taxable year in which first deferred or, if later, the first taxable year in which such deferred compensation is not subject to a substantial risk of forfeiture.

''(d) OTHER DEFINITIONS AND SPECIAL RULES.—For purposes of this section—

''(1) SUBSTANTIAL RISK OF FORFEITURE.—

''(A) IN GENERAL.—The rights of a person to compensation shall be treated as subject to a substantial risk of forfeiture only if such person's rights to such compensation are conditioned upon the future performance of substantial services by any individual.

''(B) EXCEPTION FOR COMPENSATION BASED ON GAIN RECOGNIZED ON AN INVESTMENT ASSET.—

''(i) IN GENERAL.—To the extent provided in regulations prescribed by the Secretary, if compensation is determined solely by reference to the amount of gain recognized on the disposition of an investment asset, such compensation shall be treated as subject to a substantial risk of forfeiture until the date of such disposition.

''(ii) INVESTMENT ASSET.—For purposes of clause (i), the term 'investment asset' means any single asset (other than an investment fund or similar entity)—

''(I) acquired directly by an investment fund or similar entity,

''(II) with respect to which such entity does not (nor does any person related to such entity) participate in the active management of such asset (or if such asset is an interest in an entity, in the active management of the activities of such entity), and

''(III) substantially all of any gain on the disposition of which (other than such deferred compensation) is allocated to investors in such entity.

''(iii) COORDINATION WITH SPECIAL RULE.—Paragraph (3)(B) shall not apply to any compensation to which clause (i) applies.

''(2) COMPREHENSIVE FOREIGN INCOME TAX.—The term 'comprehensive foreign income tax' means, with respect to any foreign person, the income tax of a foreign country if—

''(A) such person is eligible for the benefits of a comprehensive income tax treaty between such foreign country and the United States, or

''(B) such person demonstrates to the satisfaction of the Secretary that such foreign country has a comprehensive income tax.

''(3) NONQUALIFIED DEFERRED COMPENSATION PLAN.—

''(A) IN GENERAL.—The term 'nonqualified deferred compensation plan' has the meaning given such term under section 409A(d), except that such term shall include any plan that provides a right to compensation based on the appreciation in value of a specified number of equity units of the service recipient.

''(B) EXCEPTION.—Compensation shall not be treated as deferred for purposes of this section if the service provider receives payment of such compensation not later than 12 months after the end of the taxable year of the service recipient during which the right to the payment of such compensation is no longer subject to a substantial risk of forfeiture.

''(4) EXCEPTION FOR CERTAIN COMPENSATION WITH RESPECT TO EFFECTIVELY CONNECTED INCOME.—In the case a foreign corporation with income which is taxable under section 882, this section shall not apply to compensation which, had such compensation had been paid in cash on the date that such compensation ceased to be subject to a substantial risk of forfeiture, would have been deductible by such foreign corporation against such income.

''(5) APPLICATION OF RULES.—Rules similar to the rules of paragraphs (5) and (6) of section 409A(d) shall apply.

''(e) REGULATIONS.—The Secretary shall prescribe such regulations as may be necessary or appropriate to carry out the purposes of this section, including regulations disregarding a substantial risk of forfeiture in cases where necessary to carry out the purposes of this section.''.

(b) CONFORMING AMENDMENT.—Section 26(b)(2) is amended by striking ''and'' at the end of subparagraph (U), by striking the period at the end of subparagraph (V) and inserting '', and'', and by adding at the end the following new subparagraph:

''(W) section 457A(c)(1)(B) (relating to determinability of amounts of compensation).''.

(c) CLERICAL AMENDMENT.—The table of sections of subpart B of part II of subchapter E of chapter 1 is amended by inserting after the item relating to section 457 the following new item:

''Sec. 457A. Nonqualified deferred compensation from certain tax indifferent parties.''.

(d) EFFECTIVE DATE.—

(1) IN GENERAL.—Except as otherwise provided in this subsection, the amendments made by this section shall apply to amounts deferred which are attributable to services performed after December 31, 2008.

(2) APPLICATION TO EXISTING DEFERRALS.—In the case of any amount deferred to which the amendments made by this section do not apply solely by reason of the fact that the amount is attributable to services performed before January 1, 2009, to the extent such amount is not includible in gross income in a taxable year beginning before 2018, such amounts shall be includible in gross income in the later of—

(A) the last taxable year beginning before 2018, or

(B) the taxable year in which there is no substantial risk of forfeiture of the rights to such compensation (determined in the same manner as determined for purposes of section 457A of the Internal Revenue Code of 1986, as added by this section).

(3) CHARITABLE CONTRIBUTIONS OF EXISTING DEFERRALS PERMITTED.—

(A) IN GENERAL.—Subsection (b) of section 170 of the Internal Revenue Code of 1986 shall not apply to (and subsections (b) and (d) of such section shall be applied without regard to) so much of the taxpayer's qualified contributions made during the taxpayer's last taxable year beginning before 2018 as does not exceed the taxpayer's qualified inclusion amount. For purposes of subsection (b) of section 170 of such Code, the taxpayer's contribution base for such last taxable year shall be reduced by the amount of the taxpayer's qualified contributions to which such subsection does not apply by reason the preceding sentence.

(B) QUALIFIED CONTRIBUTIONS.—For purposes of this paragraph, the term ''qualified contributions'' means the aggregate charitable contributions (as defined in section 170(c) of such Code) paid in cash by the taxpayer to organizations described in section 170(b)(1)(A) of such Code (other than any organization described in section 509(a)(3) of such Code or any fund or account described in section 4966(d)(2) of such Code).

(C) QUALIFIED INCLUSION AMOUNT.—For purposes of this paragraph, the term ''qualified inclusion amount'' means the amount includible in the taxpayer's gross income for the last taxable year beginning before 2018 by reason of paragraph (2).

(4) ACCELERATED PAYMENTS.—No later than 120 days after the date of the enactment of this Act, the Secretary shall issue guidance providing a limited period of time during which a nonqualified deferred compensation arrangement attributable to services performed on or before December 31, 2008, may, without violating the requirements of section 409A(a) of the Internal Revenue Code of 1986, be amended to conform the date of distribution to the date the amounts are required to be included in income.

(5) CERTAIN BACK-TO-BACK ARRANGEMENTS.—If the taxpayer is also a service recipient and maintains one or more nonqualified deferred compensation arrangements for its service providers under which any amount is attributable to services performed on or before December 31, 2008, the guidance issued under paragraph (4) shall permit such arrangements to be amended to conform the dates of distribution under such arrangement to the date amounts are required to be included in the income of such taxpayer under this subsection.

(6) ACCELERATED PAYMENT NOT TREATED AS MATERIAL MODIFICATION.—Any amendment to a nonqualified deferred compensation arrangement made pursuant to paragraph (4) or (5) shall not be treated as a material modification of the arrangement for purposes of section 409A of the Internal Revenue Code of 1986.

SEC. 402. DELAY IN APPLICATION OF WORLDWIDE ALLOCATION OF INTEREST.

(a) IN GENERAL.—Paragraph (6) of section 864(f) is amended—

(1) by striking ''December 31, 2008'' and inserting ''December 31, 2018'',

(2) by striking ''An election'' and inserting:

''(A) IN GENERAL.—Except as provided in subparagraph (B), an election'', and

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

''(B) EARLIER APPLICATION FOR CERTAIN GROUPS INCLUDING HOLDING COMPANIES.—

''(i) IN GENERAL.—Notwithstanding subparagraph (A), in the case of an applicable worldwide affiliated group—

''(I) the common parent of the applicable worldwide affiliated group may elect, for its first taxable year beginning after December 31, 2008, to have paragraphs (1), (2), and (3) apply to the applicable worldwide affiliated group as if it were a separate worldwide affiliated group, and

''(II) except as provided in clause (ii), such election shall apply to such applicable worldwide affiliated group for such taxable year and the 2 immediately succeeding taxable years unless revoked with the consent of the Secretary.

Such election shall not preclude an election under subparagraph (A) with respect to the worldwide affiliated group to which such applicable worldwide affiliated group relates.

''(ii) LIMITATION BASED ON FOREIGN ASSETS.—This subsection shall not apply to a taxable year for which the election under clause (i) is otherwise in effect if the ratio (expressed as a percentage) which the foreign assets of the applicable worldwide affiliated group bear to all the assets of the applicable worldwide affiliated group exceeds 3 percent at any time during such taxable year.

''(iii) APPLICABLE WORLDWIDE AFFILIATED GROUP.—For purposes of this subparagraph, the term 'applicable worldwide affiliated group' means, with respect to any worldwide affiliated group (as defined in paragraph (1)(C)) the common parent of which is an entity described in clause (i), (ii), or (iii) of paragraph (4)(C), a separate group consisting of those members of such worldwide affiliated group which—

''(I) are entities described in clause (i), (ii), or (iii) of paragraph (4)(C), or are subsidiaries of such entities substantially all of the activities of which are payroll, asset holding, or other activities which are integrally related to activities described in any such clause, and

''(II) were in existence, and were members of such group, as of October 21, 2004.

''(iv) GUIDANCE.—The Secretary may prescribe such guidance as may be necessary to carry out the application of this subparagraph, including guidance with respect to the proper method for determining the ratio described in clause (ii) and guidance to prevent avoidance of the purposes of this subparagraph.''.

(b) CONFORMING AMENDMENT.—Paragraph (5)(D) of section 864(f) is amended by striking ''December 31, 2008'' and inserting ''December 31, 2018''.

(c) EFFECTIVE DATE.—The amendments made by this section shall apply to taxable years beginning after December 31, 2008.

SEC. 403. TIME FOR PAYMENT OF CORPORATE ESTIMATED TAXES.

(a) REPEAL OF ADJUSTMENT FOR 2012.—Subparagraph (B) of section 401(1) of the Tax Increase Prevention and Reconciliation Act of 2005 is amended by striking the percentage contained therein and inserting ''100 percent''.

(b) MODIFICATION OF ADJUSTMENT FOR 2013.—The percentage under subparagraph (C) of section 401(1) of the Tax Increase Prevention and Reconciliation Act of 2005 in effect on the date of the enactment of this Act is increased by 37.75 percentage points.

By Mr. COLEMAN:

S. 3126. A bill to provide for the development of certain tradional and alternative energy resources; and for other purposes; to the Committee on Finance.

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

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

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

SECTION 1. SHORT TITLE; TABLE OF CONTENTS.

(a) SHORT TITLE.—This Act may be cited as the ''Energy Resource Development Act of 2008''.

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

SEC. 2. DEFINITION OF SECRETARY.

In this Act, the term ''Secretary'' means the Secretary of Energy.

TITLE I—TRADITIONAL RESOURCES

SEC. 101. REVOCATION OF WITHDRAWAL OF CERTAIN AREAS OF THE OUTER CONTINENTAL SHELF.

The ''Memorandum on Withdrawal of Certain Areas of the United States Outer Continental Shelf from Leasing Disposition'', 34 Weekly Comp. Pres. Doc. 1111, dated June 12, 1998, is revoked and no longer in effect regarding any area on the outer Continental Shelf covered by sections 104 and 105 of the Department of the Interior, Environment, and Related Agencies Appropriations Act, 2008 (Public Law 110–161; 121 Stat. 2118).

SEC. 102. STATE AUTHORITY TO PROTECT CERTAIN COASTAL AREAS.

Section 19 of the Outer Continental Shelf Lands Act (43 U.S.C. 1345) is amended by adding at the end the following:

''(f) APPROVAL BY CERTAIN AFFECTED STATES.—

''(1) DEFINITION OF AFFECTED STATE.—In this subsection, the term 'affected State' means a State that the Secretary, in consultation with the Administrator of the Environmental Protection Agency, determines could be affected negatively by the potential environmental or economic impacts of a proposed lease sale or proposed development and production plan under this Act.

''(2) NOTICE TO AFFECTED STATES.—Not later than 30 days before the date of a proposed lease sale or the publication of a proposed development and production plan, the Secretary shall submit to the Governor of each affected State notice of the proposed sale or plan.

''(3) AUTHORITIES OF AFFECTED STATES.—Not later than 60 days after the date on which the Secretary provides to the Governor of an affected State notice under paragraph (2), the Governor of the affected State shall submit to the Secretary a written response to the proposed sale or plan that—

''(A) specifies whether the Governor—

''(i) accepts the sale or plan as proposed;

''(ii) accepts the sale or plan with modification; or

''(iii) vetoes the proposed sale or plan; and

''(B) in the case of subparagraph (A)(ii), includes a counterproposal that describes—

''(i) any proposed modifications to—

''(I) the proposed plan; or

''(II) the size, time, or location of the proposed sale; and

''(ii) any areas off the coast of the State that the Governor recommends for long-term protection in the form of a moratorium on leasing for a period of not more than 20 years based on—

''(I) any information in existence on the date of the counterproposal concerning the geographical, geological, and ecological characteristics of the areas proposed for protection;

''(II) an equitable sharing of developmental benefits and environmental risks among the areas;

''(III) the location of the areas with respect to—

''(aa) other uses of the sea and seabed in the areas, including fisheries, navigation, existing or proposed sealanes, potential sites of deepwater ports; and

''(bb) other anticipated uses of the resources and space of other areas of the outer Continental Shelf;

''(IV) any relevant laws, goals, and policies of the State; and

''(V) the relative environmental sensitivity and marine productivity of other areas of the outer Continental Shelf.

''(4) SECRETARIAL RESPONSE.—

''(A) IN GENERAL.—As soon as practicable after the Secretary receives a counterproposal under paragraph (3)(B), the Secretary, in consultation with the Secretary of Defense, shall—

''(i) approve the counterproposal without modification;

''(ii) attempt to enter into an agreement with the Governor to modify the counterproposal; or

''(iii) deny the counterproposal.

''(B) APPROVAL OF AGREEMENT.—To be valid, an agreement entered into under subparagraph (A)(ii) requires the approval of the Governor, the Secretary, and the Secretary of the Defense.''.

SEC. 103. PRODUCTION OF OIL AND NATURAL GAS IN NEW PRODUCING AREAS.

The Outer Continental Shelf Lands Act (43 U.S.C. 1331 et seq.) is amended by adding at the end the following:

''SEC. 32. PRODUCTION OF OIL AND NATURAL GAS IN NEW PRODUCING AREAS.

''(a) DEFINITIONS.—In this section:

''(1) COASTAL POLITICAL SUBDIVISION.—The term 'coastal political subdivision' means a political subdivision of a new producing State any part of which political subdivision is—

''(A) within the coastal zone (as defined in section 304 of the Coastal Zone Management Act of 1972 (16 U.S.C. 1453)) of the new producing State as of the date of enactment of this section; and

''(B) not more than 200 nautical miles from the geographic center of any leased tract.

''(2) MORATORIUM AREA.—

''(A) IN GENERAL.—The term 'moratorium area' means an area covered by sections 104 through 105 of the Department of the Interior, Environment, and Related Agencies Appropriations Act, 2008 (Public Law 110–161; 121 Stat. 2118).

''(B) EXCLUSION.—The term 'moratorium area' does not include an area located in the Gulf of Mexico.

''(3) NEW PRODUCING AREA.—The term 'new producing area' means any moratorium area beyond the submerged land of a new producing State.

''(4) NEW PRODUCING STATE.—The term 'new producing State' means a State that has received notice of a proposed lease sale for a new producing area under section 19(f)(2).

''(5) QUALIFIED OUTER CONTINENTAL SHELF REVENUES.—

''(A) IN GENERAL.—The term 'qualified outer Continental Shelf revenues' means all rentals, royalties, bonus bids, and other sums due and payable to the United States from leases entered into on or after the date of enactment of this section for new producing areas.

''(B) EXCLUSIONS.—The term 'qualified outer Continental Shelf revenues' does not include—

''(i) revenues from a bond or other surety forfeited for obligations other than the collection of royalties;

''(ii) revenues from civil penalties;

''(iii) royalties taken by the Secretary in-kind and not sold;

''(iv) revenues generated from leases subject to section 8(g); or

''(v) any revenues considered qualified outer Continental Shelf revenues under section 102 of the Gulf of Mexico Energy Security Act of 2006 (43 U.S.C. 1331 note; Public Law 109–432).

''(b) AVAILABILITY FOR LEASING.—On approval by the new producing State of a proposed lease sale for a new producing area under section 19(f), the Secretary shall conduct the proposed lease sale for the new producing area.

''(c) DISPOSITION OF QUALIFIED OUTER CONTINENTAL SHELF REVENUES FROM NEW PRODUCING AREAS.—

''(1) IN GENERAL.—Notwithstanding section 9 and subject to the other provisions of this subsection, for each applicable fiscal year, the Secretary of the Treasury shall deposit—

''(A) 50 percent of qualified outer Continental Shelf revenues—

''(i) in the fund established by section 201 of the Energy Resource Development Act of 2008; or

''(ii) if the Secretary of the Treasury determines that the fund described in clause (i) is fully funded, in the general fund of the Treasury; and

''(B) 50 percent of qualified outer Continental Shelf revenues in a special account in the Treasury from which the Secretary shall disburse—

''(i) 75 percent to new producing States in accordance with paragraph (2); and

''(ii) 25 percent to provide financial assistance to States in accordance with section 6 of the Land and Water Conservation Fund Act of 1965 (16 U.S.C. 4601 –8), which shall be considered income to the Land and Water Conservation Fund for purposes of section 2 of that Act (16 U.S.C. 4601–5).

''(2) ALLOCATION TO NEW PRODUCING STATES AND COASTAL POLITICAL SUBDIVISIONS.—

''(A) ALLOCATION TO NEW PRODUCING STATES.—Effective for fiscal year 2008 and each fiscal year thereafter, the amount made available under paragraph (1)(B)(i) shall be allocated to each new producing State in amounts (based on a formula established by the Secretary by regulation) proportional to the amount of qualified outer Continental Shelf revenues generated in the new producing area offshore each State.

''(B) PAYMENTS TO COASTAL POLITICAL SUBDIVISIONS.—

''(i) IN GENERAL.—The Secretary shall pay 20 percent of the allocable share of each new producing State, as determined under subparagraph (A), to the coastal political subdivisions of the new producing State.

''(ii) ALLOCATION.—The amount paid by the Secretary to coastal political subdivisions shall be allocated to each coastal political

subdivision in accordance with subparagraphs (B) and (C) of section 31(b)(4).

''(3) MINIMUM ALLOCATION.—The amount allocated to a new producing State for each fiscal year under paragraph (2) shall be at least 5 percent of the amounts available under for the fiscal year under paragraph (1)(B)(i).

''(4) TIMING.—The amounts required to be deposited under subparagraph (B) of paragraph (1) for the applicable fiscal year shall be made available in accordance with that subparagraph during the fiscal year immediately following the applicable fiscal year.

''(5) AUTHORIZED USES.—

''(A) IN GENERAL.—Subject to subparagraph (B), each new producing State and coastal political subdivision shall use all amounts received under paragraph (2) in accordance with all applicable Federal and State laws, only for 1 or more of the following purposes:

''(i) Projects and activities for the purposes of coastal protection, including conservation, coastal restoration, and hurricane protection.

''(ii) Mitigation of damage to fish, wildlife, or natural resources.

''(iii) Implementation of a federally-approved marine, coastal, or comprehensive conservation management plan.

''(iv) Mitigation of the impact of outer Continental Shelf activities through the funding of onshore projects.

''(v) Planning assistance and the administrative costs of complying with this section.

''(B) LIMITATION.—Not more than 3 percent of amounts received by a new producing State or coastal political subdivision under paragraph (2) may be used for the purposes described in subparagraph (A)(v).

''(6) ADMINISTRATION.—Amounts made available under paragraph (1)(B) shall—

''(A) be made available, without further appropriation, in accordance with this subsection;

''(B) remain available until expended; and

''(C) be in addition to any amounts appropriated under—

''(i) other provisions of this Act;

''(ii) the Land and Water Conservation Fund Act of 1965 (16 U.S.C. 460l–4 et seq.); or

''(iii) any other provision of law.

''(d) DISPOSITION OF QUALIFIED OUTER CONTINENTAL SHELF REVENUES FROM OTHER AREAS.—Notwithstanding section 9, for each applicable fiscal year, the terms and conditions of subsection (c) shall apply to the disposition of qualified outer Continental Shelf revenues that—

''(1) are derived from oil or gas leasing in an area that is not included in the current 5-year plan of the Secretary for oil or gas leasing; and

''(2) are not assumed in the budget of the United States Government submitted by the President under section 1105 of title 31, United States Code.

''(e) DUE DILIGENCE REQUIRED.—

''(1) NEW PRODUCING AREA LEASES.—Each lease entered into under this section shall provide that if a lessee fails to initiate development of the oil or gas resources in the new producing area subject to the lease by the date that is 2 years after the date of the issuance of the lease—

''(A) the lease shall terminate; and

''(B) the Secretary shall conduct a new lease sale for the new producing area that was subject to the terminated lease.

''(2) EXISTING LEASES.—

''(A) IN GENERAL.—Any lease entered into under any other section of this Act that is in effect on the date of enactment of this section shall terminate at the end of the 10–year lease period specified in the lease.

''(B) AVAILABILITY FOR LEASING.—The Secretary shall conduct a new lease sale for any area subject to a lease terminated under subparagraph (A) in accordance with this Act.

''(C) LEASE REQUIREMENTS.—Any lease issued under a lease sale conducted under subparagraph (B) shall provide that if a lessee fails to initiate development of the oil or gas resources in the area subject to the lease by the date that is 2 years after the date of the issuance of the lease—

''(i) the lease shall terminate; and

''(ii) the Secretary shall conduct a new lease sale for the area that was subject to the terminated lease.''.

TITLE II—ALTERNATIVE RESOURCES

Subtitle A—Renewable Fuel and Advanced Energy Technology

SEC. 201. ENERGY INDEPENDENCE TRUST FUND.

(a) ESTABLISHMENT.—There is established in the Treasury of the United States a revolving fund, to be known as the ''Energy Independence Trust Fund'' (referred to in this section as the ''Fund''), consisting of such amounts as are deposited in the Fund under section 32(c)(1)(A)(i) of the Outer Continental Shelf Lands Act (as added by section 102).

(b) EXPENDITURES FROM FUND.—

(1) IN GENERAL.—Subject to paragraph (2), on request by the Secretary, the Secretary of the Treasury shall transfer from the Fund to the Secretary such amounts as the Secretary determines are necessary to carry out the following:

(A) Section 609 of the Public Utility Regulatory Policies Act of 1978 (7 U.S.C. 918c).

(B) Title V of the Toxic Substances Control Act (15 U.S.C. 2695 et seq.).

(C) Sections 211(r), 212, and 329 of the Clean Air Act (42 U.S.C. 7545(r), 7546, 7628).

(D) The following provisions of the Energy Policy and Conservation Act:

(i) Section 324A (42 U.S.C. 6294a).

(ii) Section 337(c) (42 U.S.C. 6307(c)).

(iii) Section 365(f) (42 U.S.C. 6325(f)).

(iv) Part E of title III (42 U.S.C. 6341 et seq.).

(v) Section 399A (42 U.S.C. 6371h–1).

(E) The following provisions of the Energy Policy Act of 2005:

(i) Section 107 (42 U.S.C. 15812).

(ii) The amendments made by section 123 (119 Stat. 616).

(iii) Sections 124 through 127 (42 U.S.C. 15821 through 15824).

(iv) The amendments made by section 128 (119 Stat. 619).

(v) Sections 133 and 134 (42 U.S.C. 15831, 15832).

(vi) Section 140 (42 U.S.C. 15833).

(vii) Section 201 (42 U.S.C. 15851).

(viii) The amendments made by section 202 (119 Stat. 651).

(ix) The amendments made by section 206 (119 Stat. 654).

(x) Section 207 (119 Stat. 656).

(xi) Sections 208 and 210 (42 U.S.C. 15854, 15855).

(xii) Sections 242 and 243 (42 U.S.C. 15881, 15882).

(xiii) The amendments made by section 251 (119 Stat. 679).

(xiv) Section 252 (42 U.S.C. 15891).

(xv) Sections 706, 712, 721, and 731 (42 U.S.C. 16051, 16062, 16071, 16081).

(xvi) Subtitle C of title VII (42 U.S.C. 16091 et seq.).

(xvii) Sections 751 and 755 through 758 (42 U.S.C. 16101, 16103 through 16106).

(xviii) Section 771 (119 Stat. 834).

(xix) Sections 782 and 783 (42 U.S.C. 16122, 16123).

(xx) Sections 805, 808, 809, and 812 (42 U.S.C. 16154, 16157, 16158, 16161).

(xxi) Sections 911, 917, 921, and 931 (42 U.S.C. 16191, 16197, 16211, 16231).

(xxii) The amendments made by section 941 (119 Stat. 873).

(xxiii) Sections 942, 944 through 947, and 963 (42 U.S.C. 16251, 16253 through 16256, 16293).

(xxiv) Sections 1510, 1514, and 1516 (42 U.S.C. 16501, 16502, 16503).

(F) The following provisions of the Energy Independence and Security Act of 2007:

(i) Sections 131 and 135 (42 U.S.C. 17011, 17012).

(ii) Sections 207, 223, 229, 230, 234, 244, and 246 (42 U.S.C. 17022, 17032, 17033, 17034, 17035, 17052, 17053).

(iii) Section 243 (121 Stat. 1540).

(iv) Section 411 (42 U.S.C. 6872 note; Public Law 110–140).

(v) Sections 422, 440, 452, 491, and 495 (42 U.S.C. 17082, 17096, 17111, 17121, 17124).

(vi) Section 501 (121 Stat. 1655).

(vii) Section 502 (2 U.S.C. 2169).

(viii) The amendments made by section 505 (121 Stat. 1656).

(ix) Section 517 (42 U.S.C. 17131).

(x) Subtitle E of title V (42 U.S.C. 17151 et seq.).

(xi) Section 602 (42 U.S.C. 17171).

(xii) Sections 604 through 607 (42 U.S.C. 17172 through 17175).

(xiii) Subtitles B through E of title VI (42 U.S.C. 17191 et seq.) (other than section 653).

(xiv) Sections 703, 705, 707, 708, 711, and 712 (42 U.S.C. 17251, 17253, 17255, 17256, 17271, 17272).

(xv) Sections 805 and 807 (42 U.S.C. 17284, 17286).

(xvi) Sections 912, 913, 916, 917, 925, and 927 (42 U.S.C. 17332, 17333, 17336, 17337, 17355, 17357).

(G) Section 202.

(H) Subtitle C.

(2) ADMINISTRATIVE EXPENSES.—An amount not exceeding 5 percent of the amounts in the Fund shall be available for each fiscal year to pay the administrative expenses necessary to carry out this section.

(c) TRANSFERS OF AMOUNTS.—

(1) IN GENERAL.—The amounts required to be transferred to the Fund under this section shall be transferred at least monthly from the general fund of the Treasury to the Fund on the basis of estimates made by the Secretary of the Treasury.

(2) ADJUSTMENTS.—Proper adjustment shall be made in amounts subsequently transferred to the extent prior estimates were in excess of or less than the amounts required to be transferred.

SEC. 202. LOAN GUARANTEES FOR RENEWABLE FUEL PIPELINES.

(a) DEFINITIONS.—In this section:

(1) COST.—The term ''cost'' has the meaning given the term ''cost of a loan guarantee'' in section 502(5)(C) of the Federal Credit Reform Act of 1990 (2 U.S.C. 661a(5)(C)).

(2) ELIGIBLE PROJECT.—The term eligible project means a project described in subsection (b)(1).

(3) GUARANTEE.—

(A) IN GENERAL.—The term ''guarantee'' has the meaning given the term ''loan guarantee'' in section 502 of the Federal Credit Reform Act of 1990 (2 U.S.C. 661a).

(B) INCLUSION.—The term ''guarantee'' includes a loan guarantee commitment (as defined in section 502 of the Federal Credit Reform Act of 1990 (2 U.S.C. 661a)).

(4) RENEWABLE FUEL.—The term ''renewable fuel'' has the meaning given the term in section 211(o)(1) of the Clean Air Act (42 U.S.C. 7545(o)(1)) (as in effect on January 1, 2009).

(5) RENEWABLE FUEL PIPELINE.—The term ''renewable fuel pipeline'' means a common carrier pipeline for transporting renewable fuel.

(b) LOAN GUARANTEES.—

(1) IN GENERAL.—The Secretary shall make guarantees under this section for projects

that provide for the construction of new renewable fuel pipelines.

(2) ELIGIBILITY.—In determining the eligibility of a project for a guarantee under this section, the Secretary shall consider—

(A) the volume of renewable fuel to be moved by the renewable fuel pipeline;

(B) the size of the markets to be served by the renewable fuel pipeline;

(C) the existence of sufficient storage to facilitate access to the markets served by the renewable fuel pipeline;

(D) the proximity of the renewable fuel pipeline to ethanol production facilities;

(E) the investment of the entity carrying out the proposed project in terminal infrastructure;

(F) the experience of the entity carrying out the proposed project in working with renewable fuels;

(G) the ability of the entity carrying out the proposed project to maintain the quality of the renewable fuel through—

(i) the terminal system of the entity; and

(ii) the dedicated pipeline system;

(H) the ability of the entity carrying out the proposed project to complete the project in a timely manner; and

(I) the ability of the entity carrying out the proposed project to secure property rights-of-way in order to move the proposed project forward in a timely manner.

(3) AMOUNT.—Unless otherwise provided by law, a guarantee by the Secretary under this section shall not exceed an amount equal to 90 percent of the eligible project cost of the renewable fuel pipeline that is the subject of the guarantee, as estimated at the time at which the guarantee is issued or subsequently modified while the eligible project is under construction.

(4) TERMS AND CONDITIONS.—Guarantees under this section shall be provided in accordance with section 1702 of the Energy Policy Act of 2005 (42 U.S.C. 16512), except that subsections (b) and (c) of that section shall not apply to guarantees under this section.

(5) EXISTING FUNDING AUTHORITY.—The Secretary shall make a guarantee under this section under an existing funding authority.

(6) FINAL RULE.—Not later than 90 days after the date of enactment of this Act, the Secretary shall publish in the Federal Register a final rule directing the Director of the Department of Energy Loan Guarantee Program Office to initiate the loan guarantee program under this section in accordance with this section.

(c) FUNDING.—

(1) IN GENERAL.—There are authorized to be appropriated such sums as are necessary to provide $4,000,000,000 in guarantees under this section.

(2) USE OF OTHER APPROPRIATED FUNDS.—To the extent that the amounts made available under title XVII of the Energy Policy Act of 2005 (42 U.S.C. 16511 et seq.) have not been disbursed to programs under that title, the Secretary may use the amounts to carry out this section.

Subtitle B—Clean Coal-Derived Fuels for Energy Security

SEC. 211. DEFINITIONS.

In this subtitle:

(1) CLEAN COAL-DERIVED FUEL.—

(A) IN GENERAL.—The term ''clean coal-derived fuel'' means aviation fuel, motor vehicle fuel, home heating oil, or boiler fuel that is—

(i) substantially derived from the coal resources of the United States; and

(ii) refined or otherwise processed at a facility located in the United States that captures—

(I) at least 50 percent of the carbon dioxide emissions that would otherwise be released at the facility; or

(II) if the Secretary determines that it is commercially feasible to capture a higher percentage of carbon dioxide emissions, a percentage equal to or greater than the percentage of carbon dioxide emissions determined by the Secretary to be commercially feasible of being captured.

(B) INCLUSIONS.—The term ''clean coal-derived fuel'' may include any other resource that is extracted, grown, produced, or recovered in the United States.

(2) COVERED FUEL.—The term ''covered fuel'' means—

(A) aviation fuel;

(B) motor vehicle fuel;

(C) home heating oil; and

(D) boiler fuel.

(3) SMALL REFINERY.—The term ''small refinery'' means a refinery for which the average aggregate daily crude oil throughput for a calendar year (as determined by dividing the aggregate throughput for the calendar year by the number of days in the calendar year) does not exceed 75,000 barrels.

SEC. 212. CLEAN COAL-DERIVED FUEL PROGRAM.

(a) PROGRAM.—

(1) IN GENERAL.—Not later than 1 year after the date of enactment of this Act, the President shall promulgate regulations to ensure that covered fuel sold or introduced into commerce in the United States (except in noncontiguous States or territories), on an annual average basis, contains the applicable volume of clean coal-derived fuel determined in accordance with paragraph (4).

(2) PROVISIONS OF REGULATIONS.—Regardless of the date of promulgation, the regulations promulgated under paragraph (1)—

(A) shall contain compliance provisions applicable to refineries, blenders, distributors, and importers, as appropriate, to ensure that—

(i) the requirements of this subsection are met; and

(ii) clean coal-derived fuels produced from facilities for the purpose of compliance with this subtitle result in life cycle greenhouse gas emissions that are not greater than gasoline; and

(B) shall not—

(i) restrict geographic areas in the contiguous United States in which clean coal-derived fuel may be used; or

(ii) impose any per-gallon obligation for the use of clean coal-derived fuel.

(3) RELATIONSHIP TO OTHER REGULATIONS.—Regulations promulgated under this paragraph shall, to the maximum extent practicable, incorporate the program structure, compliance and reporting requirements established under the final regulations promulgated to implement the renewable fuel program established by the amendment made by section 1501(a)(2) of the Energy Policy Act of 2005 (Public Law 109–58; 119 Stat. 1067).

(4) APPLICABLE VOLUME.—

(A) CALENDAR YEARS 2015 THROUGH 2022.—For the purpose of this subsection, the applicable volume for any of calendar years 2015 through 2022 shall be determined in accordance with the following table:

Calendar year:	Applicable volume of clean coal-derived fuel (in billions of gallons)
2015	.075
2016	1.5
2017	2.25
2018	3.00
2019	3.75
2020	4.5
2021	5.25
2022	6.0

(B) CALENDAR YEAR 2023 AND THEREAFTER.—Subject to subparagraph (C), for the purposes of this subsection, the applicable volume for calendar year 2023 and each calendar year thereafter shall be determined by the President, in coordination with the Secretary and the Administrator of the Environmental Protection Agency, based on a review of the implementation of the program during calendar years 2015 through 2022, including a review of—

(i) the impact of clean coal-derived fuels on the energy security of the United States;

(ii) the expected annual rate of future production of clean coal-derived fuels; and

(iii) the impact of the use of clean coal-derived fuels on other factors, including job creation, rural economic development, and the environment.

(C) MINIMUM APPLICABLE VOLUME.—For the purpose of this subsection, the applicable volume for calendar year 2023 and each calendar year thereafter shall be equal to the product obtained by multiplying—

(i) the number of gallons of covered fuel that the President estimates will be sold or introduced into commerce in the calendar year; and

(ii) the ratio that—

(I) 6,000,000,000 gallons of clean coal-derived fuel; bears to

(II) the number of gallons of covered fuel sold or introduced into commerce in calendar year 2022.

(b) APPLICABLE PERCENTAGES.—

(1) PROVISION OF ESTIMATE OF VOLUMES OF CERTAIN FUEL SALES.—Not later than October 31 of each of calendar years 2015 through 2021, the Administrator of the Energy Information Administration shall provide to the President an estimate, with respect to the following calendar year, of the volumes of covered fuel projected to be sold or introduced into commerce in the United States.

(2) DETERMINATION OF APPLICABLE PERCENTAGES.—

(A) IN GENERAL.—Not later than November 30 of each of calendar years 2015 through 2022, based on the estimate provided under paragraph (1), the President shall determine and publish in the Federal Register, with respect to the following calendar year, the clean coal-derived fuel obligation that ensures that the requirements of subsection (a) are met.

(B) REQUIRED ELEMENTS.—The clean coal-derived fuel obligation determined for a calendar year under subparagraph (A) shall—

(i) be applicable to refineries, blenders, and importers, as appropriate;

(ii) be expressed in terms of a volume percentage of covered fuel sold or introduced into commerce in the United States; and

(iii) subject to paragraph (3)(A), consist of a single applicable percentage that applies to all categories of persons specified in clause (i).

(3) ADJUSTMENTS.—In determining the applicable percentage for a calendar year, the President shall make adjustments—

(A) to prevent the imposition of redundant obligations on any person specified in paragraph (2)(B)(i); and

(B) to account for the use of clean coal-derived fuel during the previous calendar year by small refineries that are exempt under subsection (f).

(c) VOLUME CONVERSION FACTORS FOR CLEAN COAL-DERIVED FUELS BASED ON ENERGY CONTENT.—

(1) IN GENERAL.—For the purpose of subsection (a), the President shall assign values to specific types of clean coal-derived fuel for the purpose of satisfying the fuel volume requirements of subsection (a)(4) in accordance with this subsection.

(2) ENERGY CONTENT RELATIVE TO DIESEL FUEL.—For clean coal-derived fuels, 1 gallon

of the clean coal-derived fuel shall be considered to be the equivalent of 1 gallon of diesel fuel multiplied by the ratio that—

(A) the number of British thermal units of energy produced by the combustion of 1 gallon of the clean coal-derived fuel (as measured under conditions determined by the Secretary); bears to

(B) the number of British thermal units of energy produced by the combustion of 1 gallon of diesel fuel (as measured under conditions determined by the Secretary to be comparable to conditions described in subparagraph (A)).

(d) CREDIT PROGRAM.—

(1) IN GENERAL.—The President, in consultation with the Secretary and the Administrator of the Environmental Protection Agency, shall implement a credit program to manage the clean coal-derived fuel requirement of this section in a manner consistent with the credit program established by the amendment made by section 1501(a)(2) of the Energy Policy Act of 2005 (Public Law 109–58; 119 Stat. 1067).

(2) MARKET TRANSPARENCY.—In carrying out the credit program under this subsection, the President shall facilitate price transparency in markets for the sale and trade of credits, with due regard for the public interest, the integrity of those markets, fair competition, and the protection of consumers.

(e) WAIVERS.—

(1) IN GENERAL.—The President, in consultation with the Secretary and the Administrator of the Environmental Protection Agency, may waive the requirements of subsection (a) in whole or in part on petition by 1 or more States by reducing the national quantity of clean coal-derived fuel required under subsection (a), based on a determination by the President (after public notice and opportunity for comment), that—

(A) implementation of the requirement would severely harm the economy or environment of a State, a region, or the United States; or

(B) extreme and unusual circumstances exist that prevent distribution of an adequate supply of domestically-produced clean coal-derived fuel to consumers in the United States.

(2) PETITIONS FOR WAIVERS.—The President, in consultation with the Secretary and the Administrator of the Environmental Protection Agency, shall approve or disapprove a State petition for a waiver of the requirements of subsection (a) within 90 days after the date on which the petition is received by the President.

(3) TERMINATION OF WAIVERS.—A waiver granted under paragraph (1) shall terminate after 1 year, but may be renewed by the President after consultation with the Secretary and the Administrator of the Environmental Protection Agency.

(f) SMALL REFINERIES.—

(1) TEMPORARY EXEMPTION.—

(A) IN GENERAL.—The requirements of subsection (a) shall not apply to small refineries until calendar year 2018.

(B) EXTENSION OF EXEMPTION.—

(i) STUDY BY SECRETARY.—Not later than December 31, 2013, the Secretary shall submit to the President and Congress a report describing the results of a study to determine whether compliance with the requirements of subsection (a) would impose a disproportionate economic hardship on small refineries.

(ii) EXTENSION OF EXEMPTION.—In the case of a small refinery that the Secretary determines under clause (i) would be subject to a disproportionate economic hardship if required to comply with subsection (a), the President shall extend the exemption under subparagraph (A) for the small refinery for a period of not less than 2 additional years.

(2) PETITIONS BASED ON DISPROPORTIONATE ECONOMIC HARDSHIP.—

(A) EXTENSION OF EXEMPTION.—A small refinery may at any time petition the President for an extension of the exemption under paragraph (1) for the reason of disproportionate economic hardship.

(B) EVALUATION OF PETITIONS.—In evaluating a petition under subparagraph (A), the President, in consultation with the Secretary, shall consider the findings of the study under paragraph (1)(B) and other economic factors.

(C) DEADLINE FOR ACTION ON PETITIONS.—The President shall act on any petition submitted by a small refinery for a hardship exemption not later than 90 days after the date of receipt of the petition.

(3) OPT-IN FOR SMALL REFINERIES.—A small refinery shall be subject to the requirements of subsection (a) if the small refinery notifies the President that the small refinery waives the exemption under paragraph (1).

(g) PENALTIES AND ENFORCEMENT.—

(1) CIVIL PENALTIES.—

(A) IN GENERAL.—Any person that violates a regulation promulgated under subsection (a), or that fails to furnish any information required under such a regulation, shall be liable to the United States for a civil penalty of not more than the total of—

(i) $25,000 for each day of the violation; and

(ii) the amount of economic benefit or savings received by the person resulting from the violation, as determined by the President.

(B) COLLECTION.—Civil penalties under subparagraph (A) shall be assessed by, and collected in a civil action brought by, the Secretary or such other officer of the United States as is designated by the President.

(2) INJUNCTIVE AUTHORITY.—

(A) IN GENERAL.—The district courts of the United States shall have jurisdiction to—

(i) restrain a violation of a regulation promulgated under subsection (a);

(ii) award other appropriate relief; and

(iii) compel the furnishing of information required under the regulation.

(B) ACTIONS.—An action to restrain such violations and compel such actions shall be brought by and in the name of the United States.

(C) SUBPOENAS.—In the action, a subpoena for a witness who is required to attend a district court in any district may apply in any other district.

(h) EFFECTIVE DATE.—Except as otherwise specifically provided in this section, this section takes effect on January 1, 2016.

Subtitle C—Nuclear Energy

SEC. 221. INCENTIVES FOR INNOVATIVE TECHNOLOGIES.

(a) DEFINITION OF PROJECT COST.—Section 1701 of the Energy Policy Act of 2005 (42 U.S.C. 16511) is amended by adding at the end the following:

''(6) PROJECT COST.—

''(A) IN GENERAL.—The term 'project cost' means any cost associated with the development, planning, design, engineering, permitting and licensing, construction, commissioning, start-up, shakedown, and financing of a facility.

''(B) INCLUSIONS.—The term 'project cost' includes—

''(i) reasonable escalation and contingencies;

''(ii) the cost of and fees for a guarantee;

''(iii) reasonably required reserve funds;

''(iv) initial working capital; and

''(v) interest accrued during construction.''.

(b) TERMS AND CONDITIONS; AMOUNT.—Section 1702 of the Energy Policy Act of 2005 (42 U.S.C. 16512) is amended by striking subsections (b) and (c) and inserting the following:

''(b) SPECIFIC APPROPRIATION OR CONTRIBUTION.—

''(1) IN GENERAL.—No guarantee shall be made unless—

''(A) the Secretary has received from the borrower and deposited in the Treasury a payment in full for the cost of the obligation;

''(B) an appropriation for the cost has been made in lieu of a payment being made; or

''(C) a combination of actions described in subparagraphs (A) and (B) has been carried out such that, when combined, the actions are sufficient to cover the cost of the obligation.

''(2) RELATION TO OTHER LAWS.—Section 504(b) of the Federal Credit Reform Act of 1990 (2 U.S.C. 661c(b)) shall not apply to a loan guarantee made in accordance with paragraph (1)(B).

''(c) AMOUNT.—

''(1) IN GENERAL.—Subject to paragraph (2), the Secretary shall guarantee 100 percent of the obligation for a facility that is the subject of the guarantee, or a lesser amount if requested by the borrower.

''(2) LIMITATION.—The total amount of loans guaranteed for a facility by the Secretary shall not exceed 80 percent of the total cost of the facility, as estimated at the time at which the guarantee is issued.''.

(c) FEES.—Section 1702(h) of the Energy Policy Act of 2005 (42 U.S.C. 16512(h)) is amended by striking paragraph (2) and inserting the following:

''(2) AVAILABILITY.—Fees collected under this subsection shall—

''(A) be deposited by the Secretary into a special fund in the Treasury, to be known as the 'Incentives For Innovative Technologies Fund'; and

''(B) remain available to the Secretary for expenditure, without further appropriation or fiscal year limitation, for administrative expenses incurred in carrying out this title.''.

(d) REPORT TO CONGRESS.—Section 1702 of the Energy Policy Act of 2005 (42 U.S.C. 16512) is amended by adding at the end the following:

''(k) REPORT TO CONGRESS.—

''(1) IN GENERAL.—Not later than 1 year after the date of enactment of this subsection and annually thereafter, the Secretary shall submit to Congress a report that summarizes the applications for loan guarantees received, loan guarantees approved and rejected, and justifications for rejections of loan guarantees, under this title.

''(2) TERMINATION OF AUTHORITY.—Beginning with fiscal year 2018, the Secretary shall provide, in the annual report submitted for each fiscal year under paragraph (1), a recommendation on whether all or part of the loan guarantee program under this title should be terminated.''.

SEC. 222. AUTHORIZATION FOR NUCLEAR POWER 2010 PROGRAM.

Section 952 of the Energy Policy Act of 2005 (42 U.S.C. 16272) is amended by striking subsection (c) and inserting the following:

''(c) NUCLEAR POWER 2010 PROGRAM.—

''(1) IN GENERAL.—The Secretary shall carry out a Nuclear Power 2010 Program to position the United States to commence construction of new nuclear power plants by not later than—

''(A) calendar year 2010; or

''(B) such first calendar year after calendar year 2010 as is practicable.

''(2) SCOPE OF PROGRAM.—The Nuclear Power 2010 Program shall support the objectives of—

''(A) demonstrating the licensing process for new nuclear power plants, including the

Nuclear Regulatory Commission process for obtaining—

''(i) early site permits;

''(ii) combined construction or operating licenses; and

''(iii) design certifications; and

''(B) conducting first-of-a-kind design and engineering work on at least 2 advanced nuclear reactor designs sufficient to bring those designs to a state of design completion sufficient to allow development of firm cost estimates.

''(3) COST-SHARING.—The Nuclear Power 2010 Program shall be carried out through the use of cost-sharing with the private sector.

''(4) AUTHORIZATION OF APPROPRIATIONS.—There are authorized to be appropriated to the Secretary to carry out the Nuclear Power 2010 Program—

''(A) $182,800,000 for fiscal year 2009;

''(B) $159,600,000 for fiscal year 2010;

''(C) $135,600,000 for fiscal year 2011;

''(D) $46,900,000 for fiscal year 2012; and

''(E) $2,200,000 for fiscal year 2013.''.

SEC. 223. DOMESTIC MANUFACTURING BASE FOR NUCLEAR COMPONENTS AND EQUIPMENT.

(a) ESTABLISHMENT OF INTERAGENCY WORKING GROUP.—

(1) PURPOSES.—The purposes of this section are—

(A) to increase the competitiveness of the United States nuclear energy products and services industries;

(B) to identify the stimulus or incentives necessary to cause United States manufacturers of nuclear energy products to expand manufacturing capacity;

(C) to facilitate the export of United States nuclear energy products and services;

(D) to reduce the trade deficit of the United States through the export of United States nuclear energy products and services;

(E) to retain and create nuclear energy manufacturing and related service jobs in the United States;

(F) to integrate the objectives described in subparagraphs (A) through (E), in a manner consistent with the interests of the United States, into the foreign policy of the United States; and

(G) to authorize funds for increasing United States capacity to manufacture nuclear energy products and supply nuclear energy services.

(2) ESTABLISHMENT.—

(A) IN GENERAL.—There is established an interagency working group (referred to in this section as the ''Working Group'') that, in consultation with representative industry organizations and manufacturers of nuclear energy products, shall make recommendations to coordinate the actions and programs of the Federal Government in order to promote increasing domestic manufacturing capacity and export of domestic nuclear energy products and services.

(B) COMPOSITION.—The Working Group shall be composed of—

(i) the Secretary (or a designee), who shall serve as Chairperson of the Working Group; and

(ii) representatives, appointed by the head of each applicable agency or department, of—

(I) the Department of Energy;

(II) the Department of Commerce;

(III) the Department of Defense;

(IV) the Department of Treasury;

(V) the Department of State;

(VI) the Environmental Protection Agency;

(VII) the United States Agency for International Development;

(VIII) the Export-Import Bank of the United States;

(IX) the Trade and Development Agency;

(X) the Small Business Administration;

(XI) the Office of the United States Trade Representative; and

(XII) other Federal agencies, as determined by the President.

(3) DUTIES OF WORKING GROUP.—The Working Group shall—

(A) not later than 180 days after the date of enactment of this Act, identify the actions necessary to promote the safe development and application in foreign countries of nuclear energy products and services—

(i) to increase electricity generation from nuclear energy sources through development of new generation facilities;

(ii) to improve the efficiency, safety, and reliability of existing nuclear generating facilities through modifications; and

(iii) enhance the safe treatment, handling, storage, and disposal of used nuclear fuel;

(B) not later than 180 days after the date of enactment of this Act, identify—

(i) mechanisms (including tax stimuli for investment, loans and loan guarantees, and grants) necessary for United States companies to increase—

(I) the capacity of the companies to produce or provide nuclear energy products and services; and

(II) exports of nuclear energy products and services; and

(ii) administrative or legislative initiatives that are necessary—

(I) to encourage United States companies to increase the manufacturing capacity of the companies for nuclear energy products;

(II) to provide technical and financial assistance and support to small and mid-sized businesses to establish quality assurance programs in accordance with domestic and international nuclear quality assurance code requirements;

(III) to encourage, through financial incentives, private sector capital investment to expand manufacturing capacity; and

(IV) to provide technical assistance and financial incentives to small and mid-sized businesses to develop the workforce necessary to increase manufacturing capacity and meet domestic and international nuclear quality assurance code requirements;

(C) not later than 270 days after the date of enactment of this Act, submit to Congress a report that describes the findings of the Working Group under subparagraphs (A) and (B), including recommendations for new legislative authority, as necessary; and

(D) encourage the agencies represented by membership in the Working Group—

(i) to provide technical training and education for international development personnel and local users in other countries;

(ii) to provide financial and technical assistance to nonprofit institutions that support the marketing and export efforts of domestic companies that provide nuclear energy products and services;

(iii) to develop nuclear energy projects in foreign countries;

(iv) to provide technical assistance and training materials to loan officers of the World Bank, international lending institutions, commercial and energy attaches at embassies of the United States, and other appropriate personnel in order to provide information about nuclear energy products and services to foreign governments or other potential project sponsors;

(v) to support, through financial incentives, private sector efforts to commercialize and export nuclear energy products and services in accordance with the subsidy codes of the World Trade Organization; and

(vi) to augment budgets for trade and development programs in order to support prefeasibility or feasibility studies for projects that use nuclear energy products and services.

(4) PERSONNEL AND SERVICE MATTERS.—The Secretary and the heads of agencies represented by membership in the Working Group shall detail such personnel and furnish such services to the Working Group, with or without reimbursement, as are necessary to carry out the functions of the Working Group.

(5) AUTHORIZATION OF APPROPRIATIONS.—There is authorized to be appropriated to the Secretary to carry out this subsection $20,000,000 for each of fiscal years 2009 and 2010.

(b) CREDIT FOR QUALIFYING NUCLEAR POWER MANUFACTURING.—

(1) CREDIT FOR QUALIFYING NUCLEAR POWER MANUFACTURING.—Subpart E of part IV of subchapter A of chapter 1 of the Internal Revenue Code is amended by inserting after section 48B the following new section:

''SEC. 48C. QUALIFYING NUCLEAR POWER MANUFACTURING CREDIT.

''(a) IN GENERAL.—For purposes of section 46, the qualifying nuclear power manufacturing credit for any taxable year is an amount equal to 20 percent of the qualified investment for such taxable year.

''(b) QUALIFIED INVESTMENT.—

''(1) IN GENERAL.—For purposes of subsection (a), the qualified investment for any taxable year is the basis of eligible property placed in service by the taxpayer during such taxable year—

''(A) which is either part of a qualifying nuclear power manufacturing project or is qualifying nuclear power manufacturing equipment;

''(B)(i) the construction, reconstruction, or erection of which is completed by the taxpayer; or

''(ii) which is acquired by the taxpayer if the original use of such property commences with the taxpayer;

''(C) with respect to which depreciation (or amortization in lieu of depreciation) is allowable; and

''(D) which is placed in service on or before December 31, 2015.

''(2) SPECIAL RULE FOR CERTAIN SUBSIDIZED PROPERTY.—Rules similar to section 48(a)(4) shall apply for purposes of this section.

''(3) CERTAIN QUALIFIED PROGRESS EXPENDITURES RULES MADE APPLICABLE.—Rules similar to the rules of subsections (c)(4) and (d) of section 46 (as in effect on the day before the enactment of the Revenue Reconciliation Act of 1990) shall apply for purposes of this section.

''(c) DEFINITIONS.—For purposes of this section:

''(1) QUALIFYING NUCLEAR POWER MANUFACTURING PROJECT.—The term 'qualifying nuclear power manufacturing project' means any project which is designed primarily to enable the taxpayer to produce or test equipment necessary for the construction or operation of a nuclear power plant.

''(2) QUALIFYING NUCLEAR POWER MANUFACTURING EQUIPMENT.—The term 'qualifying nuclear power manufacturing equipment' means machine tools and other similar equipment, including computers and other peripheral equipment, acquired or constructed primarily to enable the taxpayer to produce or test equipment necessary for the construction or operation of a nuclear power plant.

''(3) PROJECT.—The term 'project' includes any building constructed to house qualifying nuclear power manufacturing equipment.''.

(2) CONFORMING AMENDMENTS.—

(A) ADDITIONAL INVESTMENT CREDIT.—Section 46 of such Code is amended by—

(i) striking ''and'' at the end of paragraph (3);

(ii) striking the period at the end of paragraph (4) and inserting '', and''; and

(iii) inserting after paragraph (4) the following new paragraph:

''(5) the qualifying nuclear power manufacturing credit.''.

(B) APPLICATION OF SECTION 49.—Subparagraph (C) of section 49(a)(1) of such Code is amended by—

(i) striking ''and'' at the end of clause (iii);

(ii) striking the period at the end of clause (iv) and inserting '', and''; and

(iii) inserting after clause (iv) the following new clause:

''(v) the basis of any property which is part of a qualifying nuclear power equipment manufacturing project under section 48C.''.

(C) TABLE OF SECTIONS.—The table of sections for such subpart E is amended by inserting after the item relating to section 48B the following new item:

''Sec. 48C. Qualifying nuclear power manufacturing credit.''.

(c) EFFECTIVE DATE.—The amendments made by this section shall apply to property—

(1) the construction, reconstruction, or erection of which of began after the date of enactment of this Act, or

(2) which was acquired by the taxpayer on or after the date of enactment of this Act and not pursuant to a binding contract which was in effect on the day prior to the date of enactment.

SEC. 224. NUCLEAR ENERGY WORKFORCE.

Section 1101 of the Energy Policy Act of 2005 (42 U.S.C. 16411) is amended—

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

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

''(d) WORKFORCE TRAINING.—

''(1) IN GENERAL.—The Secretary of Labor, in cooperation with the Secretary of Energy, shall promulgate regulations to implement a program to provide workforce training to meet the high demand for workers skilled in the nuclear utility and nuclear energy products and services industries.

''(2) CONSULTATION.—In carrying out this subsection, the Secretary of Labor shall consult with representatives of the nuclear utility and nuclear energy products and services industries, and organized labor, concerning skills that are needed in those industries.

''(3) AUTHORIZATION OF APPROPRIATIONS.—There are authorized to be appropriated to the Secretary of Labor, in coordination with the Secretary of Education and the Secretary of Energy, to carry out this subsection $20,000,000 for each of fiscal years 2009 through 2012.''.

SEC. 225. INVESTMENT TAX CREDIT FOR INVESTMENTS IN NUCLEAR POWER FACILITIES.

(a) NEW CREDIT FOR NUCLEAR POWER FACILITIES.—Section 46 of the Internal Revenue Code of 1986, as amended by this title, is amended by—

(1) striking ''and'' at the end of paragraph (4);

(2) striking the period at the end of paragraph (5) and inserting '', and''; and

(3) inserting after paragraph (5) the following new paragraph:

''(5) the nuclear power facility construction credit.''.

(b) NUCLEAR POWER FACILITY CONSTRUCTION CREDIT.—Subpart E of part IV of subchapter A of chapter 1 of the Internal Revenue Code of 1986, as amended by this title, is amended by inserting after section 48C the following new section:

''SEC. 48D. NUCLEAR POWER FACILITY CONSTRUCTION CREDIT.

''(a) IN GENERAL.—For purposes of section 46, the nuclear power facility construction credit for any taxable year is 10 percent of the qualified nuclear power facility expenditures with respect to a qualified nuclear power facility.

''(b) WHEN EXPENDITURES TAKEN INTO ACCOUNT.—

''(1) IN GENERAL.—Qualified nuclear power facility expenditures shall be taken into account for the taxable year in which the qualified nuclear power facility is placed in service.

''(2) COORDINATION WITH SUBSECTION (C).—The amount which would (but for this paragraph) be taken into account under paragraph (1) with respect to any qualified nuclear power facility shall be reduced (but not below zero) by any amount of qualified nuclear power facility expenditures taken into account under subsection (c) by the taxpayer or a predecessor of the taxpayer (or, in the case of a sale and leaseback described in section 50(a)(2)(C), by the lessee), to the extent any amount so taken into account has not been required to be recaptured under section 50(a).

''(c) PROGRESS EXPENDITURES.—

''(1) IN GENERAL.—A taxpayer may elect to take into account qualified nuclear power facility expenditures–

''(A) SELF-CONSTRUCTED PROPERTY.—In the case of a qualified nuclear power facility which is a self-constructed facility, in the taxable year for which such expenditures are properly chargeable to capital account with respect to such facility; and

''(B) ACQUIRED FACILITY.—In the case of a qualified nuclear facility which is not self-constructed property, in the taxable year in which such expenditures are paid.

''(2) SPECIAL RULES FOR APPLYING PARAGRAPH (1).—For purposes of paragraph (1)–

''(A) COMPONENT PARTS, ETC.—Property which is not self-constructed property and which is to be a component part of, or is otherwise to be included in, any facility to which this subsection applies shall be taken into account in accordance with paragraph (1)(B);

''(B) CERTAIN BORROWING DISREGARDED.—Any amount borrowed directly or indirectly by the taxpayer on a nonrecourse basis from the person constructing the facility for the taxpayer shall not be treated as an amount expended for such facility; and

''(C) LIMITATION FOR FACILITIES OR COMPONENTS WHICH ARE NOT SELF-CONSTRUCTED.—

''(i) IN GENERAL.—In the case of a facility or a component of a facility which is not self-constructed, the amount taken into account under paragraph (1)(B) for any taxable year shall not exceed the amount which represents the portion of the overall cost to the taxpayer of the facility or component of a facility which is properly attributable to the portion of the facility or component which is completed during such taxable year.

''(ii) CARRY-OVER OF CERTAIN AMOUNTS.—In the case of a facility or component of a facility which is not self-constructed, if for the taxable year—

''(I) the amount which (but for clause (i)) would have been taken into account under paragraph (1)(B) exceeds the limitation of clause (i), then the amount of such excess shall be taken into account under paragraph (1)(B) for the succeeding taxable year; or

''(II) the limitation of clause (i) exceeds the amount taken into account under paragraph (1)(B), then the amount of such excess shall increase the limitation of clause (i) for the succeeding taxable year.

''(D) DETERMINATION OF PERCENTAGE OF COMPLETION.—The determination under subparagraph (C)(i) of the portion of the overall cost to the taxpayer of the construction which is properly attributable to construction completed during any taxable year shall be made on the basis of engineering or architectural estimates or on the basis of cost accounting records. Unless the taxpayer establishes otherwise by clear and convincing evidence, the construction shall be deemed to be completed not more rapidly than ratably over the normal construction period.

''(E) NO PROGRESS EXPENDITURES FOR CERTAIN PRIOR PERIODS.—No qualified nuclear facility expenditures shall be taken into account under this subsection for any period before the first day of the first taxable year to which an election under this subsection applies.

''(F) NO PROGRESS EXPENDITURES FOR PROPERTY FOR YEAR IT IS PLACED IN SERVICE, ETC.—In the case of any qualified nuclear facility, no qualified nuclear facility expenditures shall be taken into account under this subsection for the earlier of—

''(i) the taxable year in which the facility is placed in service; or

''(ii) the first taxable year for which recapture is required under section 50(a)(2) with respect to such facility, or for any taxable year thereafter.

''(3) SELF-CONSTRUCTED.—For purposes of this subsection–

''(A) The term 'self-constructed facility' means any facility if it is reasonable to believe that more than half of the qualified nuclear facility expenditures for such facility will be made directly by the taxpayer.

''(B) A component of a facility shall be treated as not self-constructed if the cost of the component is at least 5 percent of the expected cost of the facility and the component is acquired by the taxpayer.

''(4) ELECTION.—An election shall be made under this section for a qualified nuclear power facility by claiming the nuclear power facility construction credit for expenditures described in paragraph (1) on a tax return filed by the due date for such return (taking into account extensions). Such an election shall apply to the taxable year for which made and all subsequent taxable years. Such an election, once made, may be revoked only with the consent of the Secretary.

''(d) DEFINITIONS AND SPECIAL RULES.—For purposes of this section–

''(1) QUALIFIED NUCLEAR POWER FACILITY.—The term 'qualified nuclear power facility' means an advanced nuclear power facility, as defined in section 45J, the construction of which was approved by the Nuclear Regulatory Commission on or before December 31, 2013.

''(2) QUALIFIED NUCLEAR POWER FACILITY EXPENDITURES.—

''(A) IN GENERAL.—The term 'qualified nuclear power facility expenditures' means any amount properly chargeable to capital account—

''(i) with respect to a qualified nuclear power facility;

''(ii) for which depreciation is allowable under section 168; and

''(iii) which are incurred before the qualified nuclear power facility is placed in service or in connection with the placement of such facility in service.

''(B) PRE-EFFECTIVE DATE EXPENDITURES.—Qualified nuclear power facility expenditures do not include any expenditures incurred by the taxpayer before January 1, 2007, unless such expenditures constitute less than 20 percent of the total qualified nuclear power facility expenditures (determined without regard to this subparagraph) for the qualified nuclear power facility.

''(3) DELAYS AND SUSPENSION OF CONSTRUCTION.—

''(A) IN GENERAL.—For purposes of applying this section and section 50, a nuclear power facility that is under construction shall cease to be treated as a facility that will be a qualified nuclear power facility as of the earlier of—

''(i) the date on which the taxpayer decides to terminate construction of the facility; or

''(ii) the last day of any 24 month period in which the taxpayer has failed to incur qualified nuclear power facility expenditures totaling at least 20 percent of the expected total cost of the nuclear power facility.

''(B) AUTHORITY TO WAIVE.—The Secretary may waive the application of clause (ii) of subparagraph (A) if the Secretary determines that the taxpayer intended to continue the construction of the qualified nuclear power facility and the expenditures were not incurred for reasons outside the control of the taxpayer.

''(C) RESUMPTION OF CONSTRUCTION.—If a nuclear power facility that is under construction ceases to be a qualified nuclear power facility by reason of paragraph (2) and work is subsequently resumed on the construction of such facility—

''(i) the date work is subsequently resumed shall be treated as the date that construction began for purposes of paragraph (1); and

''(ii) if the facility is a qualified nuclear power facility, the qualified nuclear power facility expenditures shall be determined without regard to any delay or temporary termination of construction of the facility.''.

(c) PROVISIONS RELATING TO CREDIT RECAPTURE.—

(1) PROGRESS EXPENDITURE RECAPTURE RULES.—

(A) BASIC RULES.—Subparagraph (A) of section 50(a)(2) of the Internal Revenue Code of 1986 is amended to read as follows:

''(A) IN GENERAL.—If during any taxable year any building to which section 47(d) applied or any facility to which section 48D(c) applied ceases (by reason of sale or other disposition, cancellation or abandonment of contract, or otherwise) to be, with respect to the taxpayer, property which, when placed in service, will be a qualified rehabilitated building or a qualified nuclear power facility, then the tax under this chapter for such taxable year shall be increased by an amount equal to the aggregate decrease in the credits allowed under section 38 for all prior taxable years which would have resulted solely from reducing to zero the credit determined under this subpart with respect to such building or facility.''.

(B) AMENDMENT TO EXCESS CREDIT RECAPTURE RULE.—Subparagraph (B) of section 50(a)(2) of such Code is amended by—

(i) inserting ''or paragraph (2) of section 48D(b)'' after ''paragraph (2) of section 47(b)'';

(ii) inserting ''or section 48D(b)(1)'' after ''section 47(b)(1)''; and

(iii) inserting ''or facility'' after ''building''.

(C) AMENDMENT OF SALE AND LEASEBACK RULE.—Subparagraph (C) of section 50(a)(2) of such Code is amended by—

(i) inserting ''or section 48D(c)'' after ''section 47(d)''; and

(ii) inserting ''or qualified nuclear power facility expenditures'' after ''qualified rehabilitation expenditures''.

(D) OTHER AMENDMENT.—Subparagraph (D) of section 50(a)(2) of such Code is amended by inserting ''or section 48D(c)'' after ''section 47(d)''.

(d) NO BASIS ADJUSTMENT.—Section 50(c) of the Internal Revenue Code of 1986 is amended by inserting at the end thereof the following new paragraph:

''(6) NUCLEAR POWER FACILITY CONSTRUCTION CREDIT.—Paragraphs (1) and (2) shall not apply to the nuclear power facility construction credit.''.

(e) TECHNICAL AMENDMENTS.—The table of sections for subpart E of part IV of subchapter A of chapter 1 of the Internal Revenue Code of 1986, as amended by this subtitle, is amended by inserting after the item relating to section 48C the following new item:

''Sec. 48D. Nuclear power facility construction credit.''.

(f) EFFECTIVE DATE.—The amendments made by this section shall be effective for expenditures incurred and property placed in service in taxable years beginning after the date of enactment of this Act.

By Mr. KYL:

S. 3128. A bill to direct the Secretary of the Interior to provide a loan to the White Mountain Apache Tribe for use in planning, engineering, and designing a certain water system project; to the Committee on Indian Affairs.

Mr. KYL. Mr. President, today I am pleased to introduce the White Mountain Apache Tribe Rural Water System Loan Authorization Act. This legislation would authorize a Federal loan to the White Mountain Apache Tribe for the planning, engineering, and design of a dam and reservoir, which will be used to provide drinking water to the tribe.

The White Mountain Apache Tribe, which is located on the Fort Apache Indian Reservation in eastern Arizona, has approximately 15,000 members. The majority of the reservation's residents are currently served by a relative small well field. According to the tribe, well production has significantly decreased over the last few years, leading to summer drinking water shortages.

A small rural development funded diversion project on the North Fork of the White River on the tribe's reservation is planned for construction this year. The tribe indicates that when the project is completed it will replace most of the lost production from the existing well field, but will not produce enough water to meet the demand of the tribe's growing population. Consequently, in order to meet the basic drinking water needs of the tribe, a longer-term solution is needed. The most likely and best solution is a relatively small dam and reservoir located on the tribe's reservation—the Miner Flat Dam.

The legislation I am introducing today would authorize the Secretary of the Interior to provide a Federal loan to the tribe for the planning, engineering, and design of the Miner Flat Dam. A portion of the funds set aside in the Arizona Water Settlements Act for future Arizona Indian water settlements would be used to repay the loan. Although Congress specifically set aside money in the Arizona Water Settlements Act for this purpose, the money will not be available until 2013. If the tribe were to wait until then to access these funds, the cost of Miner Flat Dam would increase $5 million to $7 million a year. Therefore, providing a loan to the tribe to expedite the planning of the dam would ultimately decrease the project's costs.

Any Federal funding for the actual construction of the project would be conditioned on the settlement of the tribe's water rights claims, which would have to be confirmed by Congress. The tribe is in the process of settling its water claims in the State of Arizona, and it is my understanding that the parties involved in negotiating the tribe's water claims will likely reach a settlement with the tribe this summer. Once the parties reach an agreement, I intend to introduce legislation confirming their settlement.

The legislation I am introducing today would bring the tribe one step closer to having a reliable source of drinking water. Consequently, I urge my colleagues to support this legislation.

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

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

S. 3128

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

SECTION 1. SHORT TITLE.

This Act may be cited as the ''White Mountain Apache Tribe Rural Water System Loan Authorization Act''.

SEC. 2. DEFINITIONS.

(a) MINER FLAT PROJECT.—The term ''Miner Flat Project'' means the White Mountain Apache Rural Water System, comprised of the Miner Flat Dam and associated domestic water supply components, as described in the project extension report dated February 2007.

(b) SECRETARY.—The term ''Secretary'' means the Secretary of the Interior, acting through the Commissioner of Reclamation (or any other designee of the Secretary).

(c) TRIBE.—The term ''Tribe'' means the White Mountain Apache Tribe, a federally recognized Indian tribe organized pursuant to section 16 of the Indian Reorganization Act of 1934 (25 U.S.C. 476 et seq.).

SEC. 3. MINER FLAT PROJECT LOAN.

(a) LOAN.—Subject to the condition that the Tribe and the Secretary have executed a cooperative agreement under section 4(a), not later than 90 days after the date of enactment of this Act, the Secretary shall provide to the Tribe a loan in an amount equal to $9,800,000, adjusted, as appropriate, based on ordinary fluctuations in engineering cost indices applicable to the Miner Flat Project during the period beginning on October 1, 2007, and ending on the date on which the loan is provided, as determined by the Secretary, to carry out planning, engineering, and design of the Miner Flat Project in accordance with section 4.

(b) TERMS AND CONDITIONS OF LOAN.—

(1) INTEREST; TERM.—The loan provided under subsection (a) shall—

(A) be at a rate of interest of 0 percent; and

(B) be repaid over a term of 10 years, beginning on January 1, 2013.

(2) FUNDS FOR REPAYMENT.—

(A) IN GENERAL.—For each of fiscal years 2013 and 2014, in lieu of direct repayment by the Tribe of the loan provided under subsection (a), the amount described in subparagraph (B) shall be credited toward repayment of the loan.

(B) DESCRIPTION OF AMOUNT.—The amount referred to in subparagraph (A) is a portion of the funds in the Lower Colorado River Development Fund pursuant to section 403(f)(2)(D)(vi) of the Colorado River Basin Project Act (43 U.S.C. 1543(f)(2)(D)(vi)) equal to—

(i) for fiscal year 2013, 50 percent of the outstanding balance of the loan under subsection (a) as of October 1, 2012; and

(ii) for fiscal year 2014, the remaining balance of the loan as of October 1, 2013.

(c) ADMINISTRATION.—Subject to section 4, the Secretary shall administer the planning, engineering, and design of the Miner Flat Project.

SEC. 4. PLANNING, ENGINEERING, AND DESIGN.

(a) COOPERATIVE AGREEMENT.—

(1) IN GENERAL.—Not later than 90 days after the date of enactment of this Act, the Secretary shall offer to enter into a cooperative agreement with the Tribe for the planning, engineering, and design of the Miner Flat Project in accordance with this Act.

(2) MANDATORY PROVISIONS.—A cooperative agreement under paragraph (1) shall specify, in a manner that is acceptable to the Secretary and the Tribe, the rights, responsibilities, and liabilities of each party to the agreement.

(b) APPLICABILITY OF INDIAN SELF-DETERMINATION AND EDUCATION ASSISTANCE ACT.—Each activity for the planning, engineering, or design, of the Miner Flat Project shall be subject to the requirements of the Indian Self-Determination and Education Assistance Act (25 U.S.C. 450 et seq.).

SEC. 5. AUTHORIZATION OF APPROPRIATIONS.

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

By Mr. LEVIN (for himself, Mrs. FEINSTEIN, Mr. DURBIN, Mr. DORGAN, and Mr. BINGAMAN):

S. 3129. A bill to amend the Commodity Exchange Act to prevent price manipulation and excessive speculation and to increase transparency with respect to energy trading on foreign exchanges conducted within the United States; to the Committee on Agriculture, Nutrition, and Forestry.

Mr. LEVIN. Mr. President, today I am introducing, along with Senators FEINSTEIN, DURBIN, and DORGAN, the Close the London Loophole Act. This legislation would ensure that the Commodity Futures Trading Commission, CFTC, has the same authority to detect, prevent, and punish manipulation and excessive speculation for traders in the United States who trade crude U.S. oil or other energy commodities on foreign commodity exchanges as the CFTC has for traders who trade on U.S. exchanges.

Today, U.S. crude oil and gasoline futures are traded primarily on exchanges in New York and London. While the CFTC—our cop on the beat—has clear authority to go after trading abuses on the New York exchange, its authority is less clear when it comes to U.S. energy commodities traded on the London exchange. The bill we are introducing today would close the London loophole by ensuring the CFTC has all the information and authority it needs to stop price manipulation or excessive speculation involving U.S. energy trades on foreign exchanges.

Under current law, the CFTC obtains the information it needs to detect price manipulation and excessive speculation involving U.S. energy trades on foreign exchanges only through voluntary data-sharing agreements it arranges with the relevant foreign regulators. In many instances, the CFTC can take action against a U.S. trader on a foreign exchange to prevent manipulation or excessive speculation only with the cooperation and consent of the foreign regulator.

Our bill would strengthen CFTC oversight by providing the CFTC with clear legal authority, as well as a clear legal obligation, to obtain trading data from foreign exchanges operating in the United States through direct trading terminals. In addition, the bill would enable the CFTC to act on its own authority and initiative to prevent manipulation or excessive speculation by U.S. traders directing trades through foreign exchanges. This new authority would ensure that our own government has the information and ability to protect American markets from manipulation and excessive speculation, no matter where U.S. energy commodities are traded. U.S. traders will no longer be able to avoid the cop on the beat by routing their trades through a foreign exchange.

This legislation would complement a recent legislative initiative I have long worked on to ensure that U.S. commodity markets are free from manipulation and excessive speculation. Last month the Congress passed, over the President's veto, legislation to close the Enron loophole. This loophole, enacted into law in 2000 at the behest of Enron and other commodity traders, had allowed large traders to buy and sell energy commodities on U.S. electronic markets without CFTC oversight. The legislation passed last month as part of the farm bill gave the CFTC the authority and mandate to police U.S. electronic exchanges to stop price manipulation and excessive speculation. No longer will these electronic commodity exchanges be able to operate in the dark, as they had under the Enron loophole.

Closing the Enron loophole is a major advance in U.S. energy market oversight as a whole, and for our natural gas markets in particular, but it is not enough. Because over the last two years, energy traders have begun trading U.S. crude oil, gasoline, and home heating oil on the London exchange, beyond the direct reach of U.S. regulators, we have to address that second loophole too. I call it closing the London loophole.

There are currently two key energy commodity markets for U.S. crude oil, gasoline, and heating oil trading. The first is the New York Mercantile Exchange or NYMEX, located in New York City. The second is the ICE Futures Europe exchange, located in London and regulated by the British agency called the Financial Services Authority.

British regulators do not oversee their energy markets the same way we do. They don't place limits on speculation like we do, they don't monitor trader positions like we do, and they do not require the same type of data to be reported to regulatory authorities. That means that traders can avoid U.S. crude oil speculation limits on the New York exchange by trading on the London exchange. It also makes the London exchange less transparent than the New York exchange. The legislation I introduced last year to close the Enron loophole would have required U.S. traders on the London exchange to provide U.S. regulators with the same type of trading information that they are already required to provide when they trade on the New York Mercantile Exchange. Unfortunately, this provision was dropped from the close-the-Enron-loophole legislation in the farm bill.

The Consumer-First Energy Act, S. 3044, which the Majority Leader and others introduced recently to address high prices and reduce speculation, included at my request a provision to curb rampant speculation, increase our access to foreign exchange trading data, and strengthen oversight of the trading of U.S. energy commodities no matter where that trading occurs. This provision would require the CFTC, prior to allowing a foreign exchange to establish direct trading terminals located in this country, to obtain an agreement from that foreign exchange to impose speculative limits and reporting requirements on traders of U.S. energy commodities comparable to the requirements imposed by the CFTC on U.S. exchanges. This issue is so important that I introduced this section of the package as a separate bill, S. 2995, along with Senator FEINSTEIN.

Following the introduction of our legislation, the CFTC finally moved to address some of the gaps in its ability to oversee foreign exchanges operating in the United States. Specifically, the CFTC, working with the United Kingdom Financial Services Authority and the ICE Futures Europe exchange, announced that it will now obtain the following information about the trading of U.S. crude oil contracts on the London exchange: daily large trader reports on positions in West Texas Intermediate or WTI contracts traded on the London exchange; information on those large trader positions for all futures contracts, not just a limited set of contracts due to expire in the near future; enhanced trader information to permit more detailed identification of end users; improved data formatting to facilitate integration of the data with other CFTC data systems; and notification to the CFTC of when a trader on ICE Futures Europe exceeds the position accountability levels established by NYMEX for the trading of WTI crude oil contracts.

These new steps will strengthen the CFTC's ability to detect and prevent manipulation and excessive speculation in the oil and gasoline markets. It will ensure that the CFTC has the same type of information it receives from U.S. exchanges in order to detect and prevent manipulation and excessive speculation on the London exchange.

However, in order to fully close the London loophole, better information is not enough. The CFTC must also have clear authority to act upon this information to stop manipulation and excessive speculation.

That is why I have been working with the sponsors of the Consumer-First Energy Act to develop additional language to ensure that the CFTC has the authority to act upon the information obtained from the London exchange to prevent price manipulation and excessive speculation. This new provision would make it clear that the CFTC has the authority to prosecute and punish manipulation of the price of a commodity, regardless of whether the trader within the United States is trading on a U.S. or on a foreign exchange. It would also make it clear that the CFTC has the authority to require traders in the United States to reduce their positions, no matter where the trading occurs—on a U.S. or foreign exchange—to prevent price manipulation or excessive speculation in U.S. commodities. Finally, it would clarify that the CFTC has the authority to require all U.S. traders to keep records of their trades, regardless of which exchange the trader is using.

This new provision is included in the bill we are introducing today. I hope that it will also be included in the Consumer-First Energy Act when Senate debate is allowed to go forward on that bill.

In closing the London loophole, we will ensure there is a cop on the beat for all U.S. energy commodity traders, no matter whether they are trading on an exchange in New York or in London. It will ensure that our regulators have the information and the tools to detect, prevent, and punish manipulation and excessive speculation.

By Mr. DURBIN (for himself, Mr. REID, Mr. LEVIN, Mr. BINGAMAN, Mr. DORGAN, Mrs. FEINSTEIN, Ms. KLOBUCHAR, Mr. MENENDEZ, Mr. BROWN, Mr. CASEY, Mr. KERRY, Mr. LEAHY, Mrs. MURRAY, Ms. MIKULSKI, Mr. OBAMA, and Mr. REED):

S. 3130. A bill to provide energy price relief by authorizing greater resources and authority for the Commodity Futures Trading Commission, and for other purposes; to the Committee on Agriculture, Nutrition, and Forestry.

Mr. DURBIN. Mr. President, I came to the floor at the beginning of this week to make a simple point: as oil prices have reached $139 per barrel in recent days, the truth is that no one—not the oil industry, not the futures exchanges, not the regulators, not even this United States Senator—knows exactly what's going on here.

But with the economy in a tailspin and with the average price for a gallon of gas surpassing $4 and even higher across the country, it is time to find out.

The chairman of the chief regulator of the futures markets, the Commodity Futures Trading Commission, doesn't seem to know either. In a recent appropriations subcommittee hearing I chaired, Chairman Lukken stated that ''CFTC staff analysis indicates that the current higher futures prices are generally not a result of manipulative forces.''

Yet last Thursday and Friday the futures price of a barrel of oil shot up $16. In 2 days. Unless there was a massive pipeline explosion late last week that I somehow missed, there is simply no supply or demand justification for that kind of price increase.

Something more is going on here.

Is it rampant speculation that is causing the rise in oil prices?

Is it illegal market manipulation?

Is it the fact that the stock markets are not providing investors with decent returns at the moment, and so big investors are now pouring money into the futures markets instead?

Is it the hugely deflated dollar exchange rate that is behind this?

Is it that investors are worried about inflation and are using oil to hedge against that risk like they use to use gold?

Is it really the rising demand of emerging economies like China and India that is causing the price of oil to rise?

Is it the lack of true oversight into these markets that has encouraged institutional traders to take large speculative positions through overseas markets or over-the-counter trades, positions that they can't take in other markets?

Is it the lack of portfolio caps that are in place for some futures contracts but not for oil that has encouraged institutional traders to take large speculative positions?

The questions go on and on. And the answers are scarce. Given the importance of the price of gas to families in Illinois and across the country, I think that is scandalous.

That's why I'm introducing a bill today entitled the ''Increasing Transparency and Accountability in Oil Prices Act.'' This bill would provide more people and better technology to the CFTC to help them better understand this situation. It also would give the CFTC far greater visibility to the traders and the transactions that are involved here.

Specifically, this bill would:

Authorize the CFTC to hire an additional 100 FTEs, and express the Sense of the Senate for the need for an emergency supplemental request from the President for this funding;

Close the ''London loophole'' by treating oil traders located in London as if they were trading in the U.S. for regulatory purposes, so that the CFTC has access to oil trades on all exchanges rather than just the trades that take place physically in the U.S.;

Require more detailed reporting to the CFTC for index funds and swap dealers who typically take long positions that might drive up the price of oil;

Move the CFTC Inspector General out of the CFTC Chairman's office, to ensure its objectivity; and

Initiate a GAO study of the existing international regulatory regime that should be preventing excessive speculation and manipulation of oil prices.

Many of these ideas are not new. Senators LEVIN, FEINSTEIN, CANTWELL, and DORGAN have all been very active on these issues as have many others, and of course Chairman BINGAMAN and Chairman HARKIN have been leaders on these regulatory issues for years.

For my part, I intend to use my Chairmanship of the Appropriations Subcommittee on Financial Services and General Government to increase the funding and capacity of the CFTC. We will expect the agency to use these resources to get to the bottom of this.

Quickly.

These ideas—more regulatory resources and more market transparency—are ideas that many of my colleagues might agree with. I encourage my colleagues on both sides of the aisle to support this important legislation.

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

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

S. 3130

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

SECTION 1. SHORT TITLE.

This Act may be cited as the ''Increasing Transparency and Accountability in Oil Prices Act of 2008''.

SEC. 2. SENSE OF SENATE ON ADDITIONAL EMERGENCY FUNDING FOR COMMISSION.

(a) FINDINGS.—The Senate finds that—

(1) excessive speculation may be adding significantly to the price of oil and other energy commodities;

(2) the public and Congress are concerned that private, unregulated transactions and overseas exchange transactions are not being adequately reviewed by any regulatory body;

(3) an important Federal overseer of commodity speculation, the Commodity Futures Trading Commission, has staffing levels that have dropped to the lowest levels in the 33-year history of the Commission; and

(4) the acting Chairman of the Commission has said publicly that an additional 100 employees are needed in light of the inflow of trading volume.

(b) SENSE OF SENATE.—It is the sense of the Senate that the President should immediately send to Congress a request for emergency appropriations for fiscal year 2008 for the Commodity Futures Trading Commission in an amount that is sufficient—

(1) to help restore public confidence in energy commodities markets and Federal oversight of those markets;

(2) to potentially impose limits on excessive speculation that is increasing the price of oil, gasoline, diesel, and other energy commodities;

(3) to significantly improve the information technology capabilities of the Commission to help the Commission effectively regulate the energy futures markets; and

(4) to fund at least 100 new full-time positions at the Commission to oversee energy commodity market speculation and to enforce the Commodity Exchange Act (7 U.S.C. 1 et seq.).

SEC. 3. ADDITIONAL COMMISSION EMPLOYEES FOR IMPROVED ENFORCEMENT.

Section 2(a)(7) of the Commodity Exchange Act (7 U.S.C. 2(a)(7)) is amended by adding at the end the following:

''(D) ADDITIONAL EMPLOYEES.—As soon as practicable after the date of enactment of this subparagraph, the Commission shall appoint at least 100 full-time employees (in addition to the employees employed by the Commission as of the date of enactment of this subparagraph)—

''(i) to increase the public transparency of operations in energy futures markets;

''(ii) to improve the enforcement of this Act in those markets; and

''(iii) to carry out such other duties as are prescribed by the Commission.''.

SEC. 4. INSPECTOR GENERAL.

Section 2(a) of the Commodity Exchange Act (7 U.S.C. 2(a)) is amended by adding at the end the following:

''(13) INSPECTOR GENERAL.—

''(A) OFFICE.—There shall be in the Commission, as an independent office, an Office of the Inspector General.

''(B) APPOINTMENT.—The Office shall be headed by an Inspector General, appointed in accordance with the Inspector General Act of 1978 (5 U.S.C. App.).

''(C) COMPENSATION.—The Inspector General shall be compensated at the rate provided for level IV of the Executive Schedule under section 5315 of title 5, United States Code.

''(D) ADMINISTRATION.—The Inspector General shall exert independent control of the budget allocations, expenditures, and staffing levels, personnel decisions and processes, procurement, and other administrative and management functions of the Office.''.

SEC. 5. STUDY OF INTERNATIONAL REGULATION OF ENERGY COMMODITY MARKETS.

(a) IN GENERAL.—The Comptroller General of the United States shall conduct a study of the international regime for regulating the trading of energy commodity futures and derivatives.

(b) ANALYSIS.—The study shall include an analysis of, at a minimum—

(1) key common features and differences among countries in the regulation of energy commodity trading, including with respect to market oversight and enforcement;

(2) agreements and practices for sharing market and trading data;

(3) the use of position limits or thresholds to detect and prevent price manipulation, excessive speculation, or other unfair trading practices;

(4) practices regarding the identification of commercial and noncommercial trading and the extent of market speculation; and

(5) agreements and practices for facilitating international cooperation on market oversight, compliance, and enforcement.

(c) REPORT.—Not later than 120 days after the date of enactment of this Act, the Comptroller General shall submit to the appropriate committees of Congress a report that—

(1) describes the results of the study; and

(2) provides recommendations to improve openness, transparency, and other necessary elements of a properly functioning market in a manner that protects consumers in the United States from the effects of excessive speculation and energy price volatility.

SEC. 6. SPECULATIVE LIMITS AND TRANSPARENCY FOR OFF-SHORE OIL TRADING.

Section 4 of the Commodity Exchange Act (7 U.S.C. 6) is amended by adding at the end the following:

''(e) FOREIGN BOARDS OF TRADE.—

''(1) IN GENERAL.—In the case of any foreign board of trade for which the Commission has granted or is considering an application to grant a board of trade located outside of the United States relief from the requirement of subsection (a) to become a designated contract market, derivatives transaction execution facility, or other registered entity, with respect to an energy commodity that is physically delivered in the United States, prior to continuing to or initially granting the relief, the Commission shall determine that the foreign board of trade—

''(A) applies comparable principles or requirements regarding the daily publication of trading information and position limits or accountability levels for speculators as apply to a designated contract market, derivatives transaction execution facility, or other registered entity trading energy commodities physically delivered in the United States; and

''(B) provides such information to the Commission regarding the extent of speculative and nonspeculative trading in the energy commodity that is comparable to the information the Commission determines necessary to publish a Commitment of Traders report for a designated contract market, derivatives transaction execution facility, or other registered entity trading energy commodities physically delivered in the United States.

''(2) EXISTING FOREIGN BOARDS OF TRADE.—During the period beginning 1 year after the date of enactment of this subsection and ending 18 months after the date of enactment of this subsection, the Commission shall determine whether to continue to grant relief in accordance with paragraph (1) to any foreign board of trade for which the Commission granted relief prior to the date of enactment of this subsection.''.

SEC. 7. COMMISSION AUTHORITY OVER TRADERS.

Section 4 of the Commodity Exchange Act (7 U.S.C. 6) (as amended by section 6) is amended by adding at the end the following:

''(f) COMMISSION AUTHORITY OVER TRADERS.—

''(1) IN GENERAL.—Notwithstanding any other provision of this section or any determination made by the Commission to grant relief from the requirements of subsection (a) to become a designated contract market, derivatives transaction execution facility, or other registered entity, in the case of a person located within the United States, or otherwise subject to the jurisdiction of the Commission, trading on a foreign board of trade, exchange, or market located outside the United States (including the territories and or possessions of the United States), the Commission shall have authority under this Act—

''(A) to apply and enforce section 9, including provisions relating to manipulation or attempted manipulation, the making of false statements, and willful violations of this Act;

''(B) to require or direct the person to limit, reduce, or liquidate any position to prevent or reduce the threat of price manipulation, excessive speculation, price distortion, or disruption of delivery or the cash settlement process; and

''(C) to apply such recordkeeping requirements as the Commission determines are necessary.

''(2) CONSULTATION.—Prior to the issuance of any order under paragraph (1) to reduce a position on a foreign board of trade, exchange, or market located outside the United States (including the territories and possessions of the United States), the Commission shall consult with the foreign board of trade, exchange, or market and the appropriate regulatory authority.

''(3) ADMINISTRATION.—Nothing in this subsection limits any of the otherwise applicable authorities of the Commission.''.

SEC. 8. INDEX TRADERS AND SWAP DEALERS.

Section 4 of the Commodity Exchange Act (7 U.S.C. 6) (as amended by section 7) is amended by adding at the end the following:

''(g) INDEX TRADERS AND SWAP DEALERS.—Not later than 60 days after the date of enactment of this subsection, the Commission shall—

''(1) routinely require detailed reporting from index traders and swap dealers in markets under the jurisdiction of the Commission;

''(2) reclassify the types of traders for regulatory and reporting purposes to distinguish between index traders and swaps dealers; and

''(3) review the trading practices for index traders in markets under the jurisdiction of the Commission—

''(A) to ensure that index trading is not adversely impacting the price discovery process; and

''(B) to determine whether different practices or regulations should be implemented.''.

SEC. 9. DISAGGREGATION OF INDEX FUNDS AND OTHER DATA IN ENERGY MARKETS.

Section 4 of the Commodity Exchange Act (7 U.S.C. 6) (as amended by section 8) is amended by adding at the end the following:

''(h) DISAGGREGATION OF INDEX FUNDS AND DATA IN ENERGY MARKETS.—The Commission shall disaggregate and make public monthly—

''(1) the number of positions and total value of index funds and other passive, long-only positions in energy markets; and

''(2) data on speculative positions relative to bona fide physical hedgers in those markets.''.

By Mrs. FEINSTEIN (for herself and Mr. STEVENS):

S. 3131. A bill to amend the Commodity Exchange Act to ensure the application of speculation limits to speculators in energy markets, and for other purposes; to the Committee on Agriculture, Nutrition, and Forestry.

Mrs. FEINSTEIN. Mr. President, I rise to introduce The Oil Speculation Control Act, a bill to reduce the impact of excessive speculation in the oil markets.

The legislation is cosponsored by Senator TED STEVENS.

Last week the price of oil hit $138 per barrel. A commodity that used to be priced at $11 a barrel is now swinging $11 in a single day. Yesterday it jumped $5—supposedly in response to a single Department of Energy report.

Gasoline prices now average more than $4.50 in California. Some gas stations have to charge by the half gallon. Their pumps cannot calculate in prices this high.

There seems to be no relief in sight for consumers as we enter the summer travel season.

In the Farm Bill Congress finally closed the ''Enron Loophole,'' and placed all major electronic trades that could drive energy prices under the watchful eye of the Commodity Futures Trading commission, CFTC.

Today I and Senator LEVIN introduced the Close the London Loophole Act to close another loophole. This bill would bring oversight to American energy commodities being traded beyond our borders.

I also joined Senator DURBIN in calling for the President to add 100 I enforcement professionals to the ranks of the CFTC.

However, these steps are not enough.

I believe we must do more to reduce the excessive speculation of institutional investors in oil markets.

So today I am introducing the Oil Speculation Control Act.

Let me explain what this bill would do.

First, it requires CFTC to review the trading practices of institutional investors and their dealers within 30 days:

It ensures that their trading is not adversely impacting the market price.

It determines whether different regulations are necessary:

It proposes to Congress regulations and legislation necessary to prevent the dramatic increase of fuel costs in the futures markets.

Second, the bill establishes reporting requirements. It requires institutional investors, such as pension funds or endowments, to report their energy market positions to the CFTC, even when trades are executed by a third party broker.

To further increase transparency, it would force CFTC regulations and reports to begin distinguishing between the institutional investors and the ''swaps dealers'' or ''index traders'' who broker their trades.

Third, the bill would force CFTC to limit institutional investor and index trader positions, as CFTC limits the positions of more traditional market speculators.

Fourth, it prevents CFTC from considering the positions of institutional investors or their brokers to be ''bone fide hedges'' that would be exempt from speculative position limits.

Finally, it requires that the Office of the CFTC's Inspector General be removed from the CFTC Chairman's Office and established as an independent office.

This bill is necessary because I believe that speculation in oil futures by large institutional investors and index funds is inflating the price of oil.

The unconstrained and overwhelming entrance of these new commodity investors, who have bet more than 99 percent of their funds on prices rising, must be controlled.

Recent testimony before numerous Congressional Committees indicates that between 2000 and 2002, major institutional investors began to view commodity futures markets as a new ''asset class'' suitable to be used in large financial portfolios. Since 2000, investment fund managers have come to believe that investing in commodities balances a stock portfolio.

As Daniel Yergin, one of the Nation's leading energy market experts put it: ''Oil has become the 'new gold'—a financial asset in which investors seek refuge as inflation rises and the dollar weakens.''

Never before have so many institutional investors made large scale investments in commodity markets, but from 2003 to 2008, investments in commodity index funds rose from $13 billion to $260 billion.

The implications for consumers of this shift are potentially devastating. Unlike gold, energy and agricultural commodities meet essential needs in the everyday lives of average Americans, and the potential risk that investment strategies will push the price of these goods higher during economic downturns presents a threat to the public welfare. I do not believe this is in the best interest of the American public.

Under the Commodity Exchange Act, the CFTC must impose speculation limits on the size of energy trader positions. Crude oil speculative positions are limited to a total of 20 million barrels of oil and 3 million barrels of oil in the last three days of a contract.

However, it is CFTC's practice to exempt institutional investors from such limits when investors execute their trades through brokers or dealers.

This is a mistake.

They are not hedging against the risk of changing oil prices, as airlines or utilities frequently must do.

They never take delivery of the product.

They participate in the oil markets only on paper.

This bill will assure that the existing speculation limit powers will constrain the market distortion resulting from this massive influx of capital. It will ensure a regulatory system that limits the size and influence of institutional investor positions in energy markets.

Even CFTC has realized that its policy may be mistaken.

Last month it announced that it will review the trading practices for index traders in the futures markets to ensure that this type of trading activity is not adversely impacting the price discovery process. They also plan to determine whether different practices should be employed.

Today's markets evolve quickly, and we need to make sure our market oversight responds just as quickly.

We now know that over the last few years a whole new kind of investor has entered oil markets. Institutional investors only bet that the price will go up. No matter how high the price goes, they pour into the market to push it higher.

We have ways to control this. We have speculation limits. But we are not using them. I am introducing this bill to make sure we use the tools we have.

As the markets continue to evolve, so must our regulation. I believe the Oil Speculation Control Act takes this step, and I encourage my colleagues to support it.

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

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

S. 3131

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

SECTION 1. SHORT TITLE.

This Act may be cited as the ''Oil Speculation Control Act of 2008''.

SEC. 2. DEFINITION OF INSTITUTIONAL INVESTOR.

(a) DEFINITION.—Section 1a of the Commodity Exchange Act (7 U.S.C. 1a) is amended—

(1) by redesignating paragraphs (22) through (34) as paragraphs (23) through (35), respectively; and

(2) by inserting after paragraph (21) the following:

''(22) INSTITUTIONAL INVESTOR.—The term 'institutional investor' means a long-term investor in financial markets (including pension funds, endowments, and foundations) that—

''(A) invests in energy commodities as an asset class in a portfolio of financial investments; and

''(B) does not take or make physical delivery of energy commodities on a frequent basis, as determined by the Commission.''.

(b) CONFORMING AMENDMENTS.—

(1) Section 13106(b)(1) of the Food, Conservation, and Energy Act of 2008 is amended by striking ''section 1a(32)'' and inserting ''section 1a''.

(2) Section 402(d)(1)(B) of the Legal Certainty for Bank Products Act of 2000 (7 U.S.C. 27(d)(1)(B)) is amended by striking ''section 1a(33)'' and inserting ''section 1a''.

SEC. 3. INSPECTOR GENERAL.

Section 2(a) of the Commodity Exchange Act (7 U.S.C. 2(a)) is amended by adding at the end the following:

''(13) INSPECTOR GENERAL.—

''(A) OFFICE.—There shall be in the Commission, as an independent office, an Office of the Inspector General.

''(B) APPOINTMENT.—The Office shall be headed by an Inspector General, appointed in accordance with the Inspector General Act of 1978 (5 U.S.C. App.).

''(C) COMPENSATION.—The Inspector General shall be compensated at the rate provided for level IV of the Executive Schedule under section 5315 of title 5, United States Code.

''(D) ADMINISTRATION.—The Inspector General shall exert independent control of the budget allocations, expenditures, and staffing levels, personnel decisions and processes, procurement, and other administrative and management functions of the Office.''.

SEC. 4. TRADING PRACTICES REVIEW WITH RESPECT TO INDEX TRADERS, SWAP DEALERS, AND INSTITUTIONAL INVESTORS.

Section 4 of the Commodity Exchange Act (7 U.S.C. 6) is amended by adding at the end the following:

''(e) TRADING PRACTICES REVIEW WITH RESPECT TO INDEX TRADERS, SWAP DEALERS, AND INSTITUTIONAL INVESTORS.—

''(1) REVIEW.—

''(A) IN GENERAL.—Not later than 30 days after the date of enactment of this subsection, the Commission shall carry out a review of the trading practices of index traders, swap dealers, and institutional investors in markets under the jurisdiction of the Commission—

''(i) to ensure that index trading is not adversely impacting the price discovery process;

''(ii) to determine whether different practices or regulations should be implemented; and

''(iii) to gather data for use in proposing regulations to limit the size and influence of institutional investor positions in commodity markets.

''(B) EMERGENCY AUTHORITY.—For the 60-day period described in subparagraph (A), in accordance with each applicable rule adopted under section 5(d)(6), the Commission shall exercise the emergency authority of the Commission to prevent institutional investors from increasing the positions of the institutional investors in—

''(i) energy commodity futures; and

''(ii) commodity future index funds.

''(2) REPORT.—Not later than 30 days after the date described in paragraph (1)(A), the Commission shall submit to the appropriate committees of Congress a report that contains recommendations for such legislation as the Commission determines to be necessary to limit the size and influence of institutional investor positions in commodity markets.''.

SEC. 5. BONA FIDE HEDGING TRANSACTIONS OR POSITIONS.

Section 4a(c) of the Commodity Exchange Act (7 U.S.C. 6a(c)) is amended by striking ''(c) No rule'' and inserting the following:

''(c) BONA FIDE HEDGING TRANSACTIONS OR POSITIONS.—

''(1) DEFINITION OF BONA FIDE HEDGING TRANSACTION OR POSITION.—The term 'bona fide hedging transaction or position' means a transaction or position that represents a hedge against price risk exposure relating to physical transactions involving an energy commodity.

''(2) APPLICATION WITH RESPECT TO BONA FIDE HEDGING TRANSACTIONS OR POSITIONS.—No rule''.

SEC. 6. SPECULATION LIMITS RELATING TO SPECULATORS IN ENERGY MARKETS.

Section 4a of the Commodity Exchange Act (7 U.S.C. 6a) is amended by adding at the end the following:

''(f) SPECULATION LIMITS RELATING TO SPECULATORS IN ENERGY MARKETS.—

''(1) DEFINITION OF SPECULATOR.—In this subsection, the term 'speculator' includes any institutional investor or investor of an investment fund that holds a position through an intermediary broker or dealer.

''(2) ENFORCEMENT OF SPECULATION LIMITS.—The Commission shall enforce speculation limits with respect to speculators in energy markets.''.

SEC. 7. LARGE TRADER REPORTING WITH RESPECT TO INDEX TRADERS, SWAP DEALERS, AND INSTITUTIONAL INVESTORS.

Section 4g of the Commodity Exchange Act (7 U.S.C. 6g) is amended by adding at the end the following:

''(g) LARGE TRADER REPORTING WITH RESPECT TO INDEX TRADERS, SWAP DEALERS, AND INSTITUTIONAL INVESTORS.—

''(1) IN GENERAL.—Each recordkeeping and reporting requirement under this section relating to large trader transactions and positions shall apply to index traders, swaps dealers, and institutional investors in markets under the jurisdiction of the Commission.

''(2) PROMULGATION OF REGULATIONS.—As soon as practicable after the date of enactment of this subsection, the Commission shall promulgate regulations to establish separate classifications for index traders, swaps dealers, and institutional investors—

''(A) to enforce the recordkeeping and reporting requirements described in paragraph (1); and

''(B) to enforce position limits and position accountability levels with respect to energy commodities under section 4a(f).''.

SEC. 8. INSTITUTIONAL INVESTOR SPECULATION LIMITS.

(a) CORE PRINCIPLES APPLICABLE TO SIGNIFICANT PRICE DISCOVERY CONTRACTS.—Section 2(h)(7)(C)(ii)(IV) of the Commodity Exchange Act (7 U.S.C. 2(h)(7)(C)(ii)(IV)) is amended by inserting after ''speculators'' the following: ''(including institutional investors that do not take delivery of energy commodities and that hold positions in energy commodities through swaps dealers or other third parties)''.

(b) CORE PRINCIPLES FOR CONTRACT MARKETS.—Section 5(d)(5) of the Commodity Exchange Act (7 U.S.C. 7(d)(5)) is amended by inserting after ''speculators'' the following: ''(including institutional investors that do not take delivery of energy commodities and that hold positions in energy commodities through swaps dealers or other third parties)''.

By Mr. DODD (for himself, Mr. DURBIN, and Mr. MENENDEZ):

S. 3133. A bill to direct the Secretary of the Interior to establish an annual production incentive fee with respect to Federal onshore and offshore land that is subject to a lease for production of oil or natural gas under which production is not occurring, to authorize use of the fee for energy efficiency and renewable energy projects, and for other purposes; to the Committee on Energy and Natural Resources.

Mr. DODD. Mr. President, I rise today to introduce the Responsible Ownership of Public Land Act. I thank my friends Congressmen RAHM EMANUEL, ED MARKEY, MAURICE HINCHEY, and NICK RAHALL for their leadership on this issue in the other chamber. With the issue of oil and gas prices at the forefront of our national consciousness, this bill is timely and critically needed.

As gas prices across the Nation soar to shocking, unprecedented levels, we can all agree that the time has come to end our dependence on oil. But that can't happen unless we also commit to something the Bush administration and its allies in Congress have refused to:

End our dependence on the oil companies—on letting them hold the American people and economy hostage to rising prices that have no end in sight.

In my home State of Connecticut, a gallon of regular unleaded gasoline today reached $4.36. That is an increase of 41 cents from just a month ago—and $1.12 from only a year ago. For reasons that economists seem at a loss to explain, my State today has the second-highest gas prices in the Nation. It seems that every single day we turn on the television or open a newspaper, we hear about new records being set for the price of a barrel of oil or how much people are paying at the pump.

The rising price of gas only begins at the pump. It is also causing prices to rise at the grocery store and elsewhere. Wherever they go, families are feeling economic pressure like never before—finding themselves forced to make difficult decisions and cut down on spending in other areas simply so they can afford to commute to work or take their kids to school. Too often they are forced to choose between food, gas, utilities, and lifesaving medications.

In my view there are many things we need to do to address this pressing issue. In the long term we need to develop clean, renewable energy sources that will alleviate our dependence on foreign oil that often comes from unstable, hostile regimes and create new green jobs here at home. But in the short term, we need to take steps to help out families who are hurting and angry and need relief.

One idea we hear time and again from President Bush and his Republican allies is that the answer to our energy problems is to open up environmentally fragile areas of the Arctic National Wildlife Refuge to more drilling. In response, I would point out that there are already 44 million offshore acres that have been leased by oil companies, who have only put 10.5 million of those acres into production. Of the 47.5 million onshore acres under lease for oil and gas production, only 13 million are in production.

Combined, oil and gas companies hold leases to 68 million acres of Federal land and waters that they are not producing any oil and gas on. This is compared to the 1.5 million acres that make up ANWR that proponents of drilling there would like to see opened up. Instead of putting pristine wilderness in grave peril, these companies should first be producing on acres already under lease. The vast majority of oil and natural gas resources on Federal land are already open for drilling and are not being tapped, and the oil and gas resources available in the unused land under lease far outstrips what is available in ANWR and other areas closed to drilling.

Therefore, I am offering this legislation as a solution to this problem—a production incentive fee for acres under lease that are not in production. This fee would rise with the number of years the land has been under lease but not used. The revenue raised by these fees could be used to fund the development of clean, renewable energy, energy efficiency, and programs such as LIHEAP that help families struggling with sky-high energy prices.

Over the last 8 years, President Bush, Vice President CHENEY and their allies in this body have done all they can to block any progress toward energy independence. They have belittled and undermined policies and technologies that, had they been adopted, would have helped consumers avoid the deplorable situation they find themselves in today.

As a result, American families are now at the mercy of foreign dictators, market speculators, and big oil companies reaping enormous profits—the largest profits in corporate history.

As a result, every time the price of a gallon of gas reaches a new record, Americans are the ones paying the price of this administration's inaction.

It is time to end our dependence on the oil companies. This bill would start that process by saying the time has come to put the American people first.

It is my hope that with the introduction of the Responsible Ownership of Public Land Act, we can begin again to work toward delivering the kind of change American families are desperate for. I ask that my colleagues join me in supporting this commonsense effort to responsibly address the Nation's desperate energy needs.

By Mr. NELSON of Florida:

S. 3134. A bill to amend the Commodity Exchange Act to require energy commodities to be traded only on regulated markets, and for other purposes; to the Committee on Agriculture, Nutrition, and Forestry.

Mr. NELSON of Florida. Mr. President, many experts have concluded that the skyrocketing price of oil reflects not just the realities of supply and demand but also the influence of speculators and futures traders. Many of these speculators work for funds and investment banks with no actual inventory of oil, and thus no business need to hedge against an increase in the price of oil. Put simply, they enter the energy futures market to make a profit by gambling on the price per barrel.

Last month, with passage of the Farm Bill, the Congress finally succeeded in bringing a measure of oversight and transparency to this market, requiring the Commodities Future Trading Commission, CFTC, to review all contracts to determine which ones should be regulated as though traded on a major public exchange.

While this was a step in the right direction, and the result of much thoughtful discussion and debate, it could be improved upon and strengthened. I am basing this on testimony heard by the Commerce Committee on June 3 from Michael Greenberger, former director of CFTC's Division of Trading and Markets. Mr. Greenberger has emerged as a leading expert on the current state of our Nation's energy markets.

In light of these developments and to add to the growing debate about how to protect consumers and our economy from rampant speculation, I'm now introducing a bill to shut down the unregulated oil futures markets created by the now-infamous ''Enron loophole.'' It also removes energy from the list of exempt commodities; requires energy to be traded on a regulated market, and creates a new definition of what constitutes an energy commodity.

As the Senate continues to debate and ultimately consider proposals related to energy market speculation, the influence of large investors, regulated and unregulated exchanges, I would ask that my colleagues also consider the ideas put forward in this bill.

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

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

S. 3134

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

SECTION 1. REGULATION OF ENERGY COMMODITIES.

(a) DEFINITIONS.—Section 1a of the Commodity Exchange Act (7 U.S.C. 1a) is amended—

(1) by redesignating paragraphs (13) through (34) as paragraphs (14) through (35), respectively;

(2) by inserting after paragraph (12) the following:

''(13) ENERGY COMMODITY.—The term 'energy commodity' includes—

''(A) crude oil;

''(B) natural gas;

''(C) heating oil;

''(D) gasoline;

''(E) metals;

''(F) construction materials;

''(G) propane; and

''(H) other fuel oils.''; and

(3) by striking paragraph (15) (as redesignated by paragraph (1)) and inserting the following:

''(15) EXEMPT COMMODITY.—The term 'exempt commodity' means a commodity that is not—

''(A) an agricultural commodity;

''(B) an energy commodity; or

''(C) an excluded commodity.''.

(b) CURRENT AGRICULTURAL COMMODITIES.—Section 5(e)(1) of the Commodity Exchange Act (7 U.S.C. 7(e)(1)) is amended by striking ''agricultural commodity enumerated in section 1a(4)'' and inserting ''agricultural commodity or an energy commodity''.

(c) CONFORMING AMENDMENTS.—

(1) Section 2(c)(2)(B)(i)(II)(cc) of the Commodity Exchange Act (7 U.S.C. 2(c)(2)(B)(i)(II)(cc)) is amended—

(A) in subitem (AA), by striking ''section 1a(20)'' and inserting ''section 1a(21)''; and

(B) in subitem (BB), by striking ''section 1a(20)'' and inserting ''section 1a(21)''.

(2) Section 13106(b)(1) of the Food, Conservation, and Energy Act of 2008 is amended by striking ''section 1a(32)'' and inserting ''section 1a''.

(3) Section 402 of the Legal Certainty for Bank Products Act of 2000 (7 U.S.C. 27) is amended—

(A) in subsection (a)(7), by striking ''section 1a(20)'' and inserting ''section 1a''; and

(B) in subsection (d)—

(i) in paragraph (1)(B), by striking ''section 1a(33)'' and inserting ''section 1a''; and

(ii) in paragraph (2)(D), by striking ''section 1a(13)'' and inserting ''section 1a''.

By Mr. NELSON of Florida:

S. 3135. A bill to amend the Outer Continental Shelf Lands Act to provide for the establishment of a production incentive fee for nonproducing leases; to the Committee on Energy and Natural Resources.

Mr. NELSON of Florida. Mr. President, today I have introduced legislation which will impose a fee of no less than $5 per acre per year for Federal lands leased in the Outer Continental Shelf, specifically within the Gulf of Mexico.

It is my hope this legislation will improve the management of the nation's oil and gas leasing program, a program that has greatly expanded in recent years. Since the 1990s, the federal government has consistently encouraged the development of its oil and gas resources and drilling on federal lands has steadily increased during this time. The number of drilling permits issued for lands on and offshore has exploded in recent years, going from 3,802 five years ago to 7,561 in 2007.

Let me also share some statistics prepared by the House Resources Committee regarding offshore energy resources. On the Outer Continental Shelf, 82 percent of federal natural gas and 79 percent of Federal oil is located in areas that are currently open for leasing. Offshore, only 10.5 million of the 44 million leased acres are currently producing oil or gas.

It is simply, unfair, dishonest, and disingenuous to try to persuade the American people that all we need to do is drill. In fact, I have concerns the oil companies are hoarding a resource that belongs to the United States of America and sitting upon it until the price is right for them to drill. Before we open up more areas for leasing, we must first use what we have. That makes sense to me.

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

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

S. 3135

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

SECTION 1. SHORT TITLE.

This Act may be cited as the ''Outer Continental Shelf Production Incentive Fee Act''.

SEC. 2. PRODUCTION INCENTIVE FEE.

Section 8 of the Outer Continental Shelf Lands Act (43 U.S.C. 1337) is amended by adding at the end the following:

''(q) PRODUCTION INCENTIVE FEE.—

''(1) ESTABLISHMENT.—Not later than 180 days after the date of enactment of this subsection, the Secretary shall establish, by regulation, a fee for any nonproducing oil or gas leases on outer Continental Shelf land in the Gulf of Mexico that are in effect on the date of enactment of this subsection.

''(2) AMOUNT.—The amount of the fee established under paragraph (1) shall be at a rate established by the Secretary by regulation, but shall be not less than $5 per acre per year.

''(3) ASSESSMENT AND COLLECTION.—The Secretary shall assess and collect the fee established under paragraph (1) on an annual basis, in accordance with procedures established by the Secretary by regulation.

''(4) DISPOSITION.—Notwithstanding section 9, any amounts collected under paragraph (3) shall be—

''(A) available to the Secretary of the Interior for use in accordance with the Land and Water Conservation Fund Act of 1965 (16 U.S.C. 460l–4 et seq.); and

''(B) treated as offsetting receipts.''.

By Mr. MCCONNELL (for himself, Mrs. FEINSTEIN, Mr. MCCAIN, Mr. BIDEN, Mr. ALLARD, Mr. BENNETT, Mr. BUNNING, Mr. BURR, Ms. CANTWELL, Mrs. CLINTON, Mr. COLEMAN, Mrs. DOLE, Mr. DURBIN, Mr. ENSIGN, Mr. FEINGOLD, Mr. ISAKSON, Mr. LEAHY, Mr. MARTINEZ, Mr. MENENDEZ, Ms. MURKOWSKI, Mr. SMITH, Ms. SNOWE, Mr. SUNUNU, Mr. WHITEHOUSE, Mr. WYDEN, Mr. BINGAMAN, and Mr. BROWN):

S.J. Res. 41. A joint resolution approving the renewal of import restrictions contained in the Burmese Freedom and Democracy Act of 2003; to the Committee on Finance.

Mr. MCCONNELL. Mr. President, I rise to introduce the Burmese Freedom and Democracy Act. This legislation continues the sanctions that are already in place against the illegitimate

ruling Burmese regime, the State Peace and Development Council, or SPDC.

Last month, the whole world got a close look at the SPDC's contempt for human life when a devastating cyclone hit Burma. No one can say with certainty what the full toll of death and destruction is from the storm—but we do know the junta greatly compounded matters through inaction and its utter disregard for the Burmese people.

The SPDC severely restricted the entry of relief workers into the country. Four U.S. Navy ships carrying much-needed supplies for the Burmese people were turned away time and again by the regime.

Estimates put as many as 135,000 people dead or missing after the cyclone hit on May 3, and many of those deaths must lie at the feet of the SPDC for its outrageous acts of criminal neglect.

These sanctions, if enacted, would make clear to the SPDC that the United States continues to stand squarely with the long-suffering people of Burma and against the morally bankrupt junta.

This bill is the same legislation the Senate has passed in prior years. If enacted, it would extend import sanctions for another year unless the regime takes a number of tangible steps toward democracy and reconciliation.

I and many others believe these sanctions should be tightened even further, but those efforts will be pursued at a later date in separate legislation.

I am joined, as always, by two colleagues who are both steadfast and longtime advocates for the freedom of the Burmese people: Senator DIANNE FEINSTEIN and Senator JOHN MCCAIN. I am proud to stand alongside these two friends in support of this important legislation.

Before I close I want to clarify one important point for my colleagues. This bill would in no way hinder or block America's continuing efforts to provide humanitarian aid to the people in Burma in the wake of the cyclone. This bill imposes sanctions on trade, not humanitarian aid.

America is a friend to the people of Burma. That is why we stand against Burma's tyrannical ruling regime. I hope my colleagues will continue to support this bill and continue to send that message to the SPDC.

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

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

S.J. RES. 41

Resolved by the Senate and House of Representatives of the United States of America in Congress assembled, That Congress approves the renewal of the import restrictions contained in section 3(a)(1) of the Burmese Freedom and Democracy Act of 2003.

SUBMITTED RESOLUTIONS

SENATE RESOLUTION 592—COMMENDING THE TENNESSEE VALLEY AUTHORITY ON ITS 75TH ANNIVERSARY

Mr. ALEXANDER (for himself, Mr. CORKER, Mr. COCHRAN, and Mr. WICKER) submitted the following resolution; which was considered and agreed to:

S. RES. 592

Whereas May 18, 2008, marks the 75th anniversary of the Tennessee Valley Authority;

Whereas the Tennessee Valley Authority was created by Congress in 1933 to improve navigation along the Tennessee River, reduce the risk of flood damage, provide electric power, and promote agricultural and industrial development in the region;

Whereas the Tennessee Valley Authority Act of 1933 (16 U.S.C. 831 et seq.) was signed into law by President Franklin D. Roosevelt on May 18, 1933;

Whereas the Tennessee Valley Authority continues to serve the Tennessee Valley, providing reliable and affordable electricity, managing the Tennessee River system, and stimulating economic growth;

Whereas the Tennessee Valley Authority provides more electricity than any other public utility in the Nation and has competitive rates and reliable transmission;

Whereas the Tennessee Valley Authority is expanding its environmental policy to increase its renewable energy sources, improve energy efficiency, and provide clean energy in the Tennessee Valley region;

Whereas the Tennessee Valley Authority continues to reduce power plant emissions and is working to further improve air quality for the health of individuals in the Tennessee Valley region;

Whereas the Tennessee Valley Authority is a leader in the nuclear power industry, with multi-site nuclear power operations that provide approximately 30 percent of the Tennessee Valley Authority's power supply;

Whereas, as part of NuStart Energy Consortium, the Tennessee Valley Authority submitted one of the first combined operating license applications for a new nuclear power plant in 30 years;

Whereas the Tennessee Valley Authority's integrated management of the Tennessee River system provides a wide range of benefits that include providing electrical power, reducing floods, facilitating freight transportation, improving water quality and supply, enhancing recreation, and protecting public land;

Whereas the Tennessee Valley Authority builds business and community partnerships that foster economic prosperity, helping companies and communities attract investments that bring good jobs to the Tennessee Valley region and keep them there; and

Whereas the Tennessee Valley Authority no longer receives appropriations to help fund its activities in navigation, flood control, environmental research, and land management, because the Tennessee Valley Authority pays for all its activities through power sales and issuing bonds: Now, therefore, be it

Resolved, That the Senate—

(1) commends the Tennessee Valley Authority on its 75th anniversary;

(2) recognizes the Tennessee Valley Authority for its long and proud history of service in the areas of energy, the environment, and economic development in a service area that includes 7 States;

(3) honors the accomplishments of the Board of Directors, retirees, staff, and supporters of the Tennessee Valley Authority who were instrumental during the Tennessee Valley Authority's first 75 years; and

(4) directs the Secretary of the Senate to transmit a copy of this resolution to the Chairman of the Board of the Tennessee Valley Authority, Bill Sansom, and the Chief Executive Officer of the Tennessee Valley Authority, Tom Kilgore, for appropriate display.

SENATE RESOLUTION 593—HONORING THE DETROIT RED WINGS ON WINNING THE 2008 NATIONAL HOCKEY LEAGUE STANLEY CUP CHAMPIONSHIP

Mr. LEVIN (for himself and Ms. STABENOW) submitted the following resolution; which was considered and agreed to:

S. RES. 593

Whereas, on June 4, 2008, the Detroit Red Wings defeated the Pittsburgh Penguins, 3 to 2 in game 6 of the National Hockey League Stanley Cup Finals;

Whereas that triumph marks the 11th Stanley Cup Championship in the history of the Red Wings, bringing the total number of Stanley Cup Championships won by the Red Wings to more than the number won by any other professional hockey team in the United States;

Whereas that triumph also marks the fourth Stanley Cup Championship for the Red Wings in 11 seasons, building on the team's reputation as one of the greatest dynasties in the history of the National Hockey League;

Whereas the championship win caps a historic season in which the Red Wings set a National Hockey League record for the most victories during the first half of the regular season (30-8-3), captured a seventh consecutive division title, earned a berth in the Stanley Cup playoffs for the 17th consecutive season, and won a sixth Presidents' Cup Trophy for the best regular season record in the National Hockey League;

Whereas, led by Captain Nicklas Lidstrom, the Red Wings, employing a combination of both youth and experience, became National Hockey League champions through pure grit and determination;

Whereas Nicklas Lidstrom, born in Västerås, Sweden, became the first European-born National Hockey League player to captain a Stanley Cup Championship team;

Whereas Henrik Zetterberg, through his hard work and skill on both ends of the ice, won the Conn Smythe Trophy for the most valuable player in the playoffs;

Whereas Nicklas Lidstrom, Kris Draper, Kirk Maltby, Tomas Holmstrom, and Darren McCarty have all been members of the team for the last 4 Stanley Cups won by the Red Wings, and Chris Osgood, Chris Chelios, and Brian Rafalski have each earned their third Stanley Cup Championship;

Whereas Marian and Mike Ilitch, the owners of the Red Wings and community leaders in Michigan, have once again returned Lord Stanley's Cup to the city of Detroit;

Whereas Red Wings head coach Mike Babcock, following in the footsteps of the great Scotty Bowman, has won his first Stanley Cup Championship;

Whereas the Red Wings, who have played in Detroit since 1926, continue to be prized and cherished by all Michiganders and Red Wing fans across the country;

Whereas, since 1952, Red Wings fans have continued the tradition of the ''Legend of the Octopus'', throwing octopi onto the ice, each of the 8 tentacles symbolizing the original 8 games needed to win the Stanley Cup;