

(B) Sections 5702(j) and 5702(k) of such Code are each amended by inserting “, or any processed tobacco,” after “tobacco products or cigarette papers or tubes”.

(6) **EFFECTIVE DATE.**—The amendments made by this subsection shall take effect on April 1, 2009.

(b) **BASIS FOR DENIAL, SUSPENSION, OR REVOCATION OF PERMITS.**—

(1) **DENIAL.**—Paragraph (3) of section 5712 of such Code is amended to read as follows:

“(3) such person (including, in the case of a corporation, any officer, director, or principal stockholder and, in the case of a partnership, a partner)—

“(A) is, by reason of his business experience, financial standing, or trade connections or by reason of previous or current legal proceedings involving a felony violation of any other provision of Federal criminal law relating to tobacco products, processed tobacco, cigarette paper, or cigarette tubes, not likely to maintain operations in compliance with this chapter,

“(B) has been convicted of a felony violation of any provision of Federal or State criminal law relating to tobacco products, processed tobacco, cigarette paper, or cigarette tubes, or

“(C) has failed to disclose any material information required or made any material false statement in the application therefor.”.

(2) **SUSPENSION OR REVOCATION.**—Subsection (b) of section 5713 of such Code is amended to read as follows:

“(b) **SUSPENSION OR REVOCATION.**—

“(1) **SHOW CAUSE HEARING.**—If the Secretary has reason to believe that any person holding a permit—

“(A) has not in good faith complied with this chapter, or with any other provision of this title involving intent to defraud,

“(B) has violated the conditions of such permit,

“(C) has failed to disclose any material information required or made any material false statement in the application for such permit,

“(D) has failed to maintain his premises in such manner as to protect the revenue,

“(E) is, by reason of previous or current legal proceedings involving a felony violation of any other provision of Federal criminal law relating to tobacco products, processed tobacco, cigarette paper, or cigarette tubes, not likely to maintain operations in compliance with this chapter, or

“(F) has been convicted of a felony violation of any provision of Federal or State criminal law relating to tobacco products, processed tobacco, cigarette paper, or cigarette tubes, the Secretary shall issue an order, stating the facts charged, citing such person to show cause why his permit should not be suspended or revoked.

“(2) **ACTION FOLLOWING HEARING.**—If, after hearing, the Secretary finds that such person has not shown cause why his permit should not be suspended or revoked, such permit shall be suspended for such period as the Secretary deems proper or shall be revoked.”.

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

(c) **APPLICATION OF INTERNAL REVENUE CODE STATUTE OF LIMITATIONS FOR ALCOHOL AND TOBACCO EXCISE TAXES.**—

(1) **IN GENERAL.**—Section 514(a) of the Tariff Act of 1930 (19 U.S.C. 1514(a)) is amended by striking “and section 520 (relating to refunds)” and inserting “section 520 (relating to refunds), and section 6501 of the Internal Revenue Code of 1986 (but only with respect to taxes imposed under chapters 51 and 52 of such Code)”.

(2) **EFFECTIVE DATE.**—The amendment made by this subsection shall apply to articles imported after the date of the enactment of this Act.

(d) **EXPANSION OF DEFINITION OF ROLL-YOUR-OWN TOBACCO.**—

(1) **IN GENERAL.**—Section 5702(o) of the Internal Revenue Code of 1986 is amended by insert-

ing “or cigars, or for use as wrappers thereof” before the period at the end.

(2) **EFFECTIVE DATE.**—The amendment made by this subsection shall apply to articles removed (as defined in section 5702(j) of the Internal Revenue Code of 1986) after March 31, 2009.

(e) **TIME OF TAX FOR UNLAWFULLY MANUFACTURED TOBACCO PRODUCTS.**—

(1) **IN GENERAL.**—Section 5703(b)(2) of such Code is amended by adding at the end the following new subparagraph:

“(F) **SPECIAL RULE FOR UNLAWFULLY MANUFACTURED TOBACCO PRODUCTS.**—In the case of any tobacco products, cigarette paper, or cigarette tubes manufactured in the United States at any place other than the premises of a manufacturer of tobacco products, cigarette paper, or cigarette tubes that has filed the bond and obtained the permit required under this chapter, tax shall be due and payable immediately upon manufacture.”.

(2) **EFFECTIVE DATE.**—The amendment made by this subsection shall take effect on the date of the enactment of this Act.

(f) **DISCLOSURE.**—

(1) **IN GENERAL.**—Paragraph (1) of section 6103(o) of such Code is amended by designating the text as subparagraph (A), moving such text 2 ems to the right, striking “Returns” and inserting “(A) **IN GENERAL.**—Returns”, and by inserting after subparagraph (A) (as so redesignated) the following new subparagraph:

“(B) **USE IN CERTAIN PROCEEDINGS.**—Returns and return information disclosed to a Federal agency under subparagraph (A) may be used in an action or proceeding (or in preparation for such action or proceeding) brought under section 625 of the American Jobs Creation Act of 2004 for the collection of any unpaid assessment or penalty arising under such Act.”.

(2) **CONFORMING AMENDMENT.**—Section 6103(p)(4) of such Code is amended by striking “(o)(1)” both places it appears and inserting “(o)(1)(A)”.

(3) **EFFECTIVE DATE.**—The amendments made by this subsection shall apply on or after the date of the enactment of this Act.

(g) **TRANSITIONAL RULE.**—Any person who—

(1) on April 1, 2009 is engaged in business as a manufacturer of processed tobacco or as an importer of processed tobacco, and

(2) before the end of the 90-day period beginning on such date, submits an application under subchapter B of chapter 52 of such Code to engage in such business, may, notwithstanding such subchapter B, continue to engage in such business pending final action on such application. Pending such final action, all provisions of such chapter 52 shall apply to such applicant in the same manner and to the same extent as if such applicant were a holder of a permit under such chapter 52 to engage in such business.

SEC. 703. TREASURY STUDY CONCERNING MAGNITUDE OF TOBACCO SMUGGLING IN THE UNITED STATES.

Not later than one year after the date of the enactment of this Act, the Secretary of the Treasury shall conduct a study concerning the magnitude of tobacco smuggling in the United States and submit to Congress recommendations for the most effective steps to reduce tobacco smuggling. Such study shall also include a review of the loss of Federal tax receipts due to illicit tobacco trade in the United States and the role of imported tobacco products in the illicit tobacco trade in the United States.

SEC. 704. TIME FOR PAYMENT OF CORPORATE ESTIMATED TAXES.

The percentage under subparagraph (C) of section 401(I) of the Tax Increase Prevention and Reconciliation Act of 2005 in effect on the date of the enactment of this Act is increased by 0.5 percentage point.

UNANIMOUS-CONSENT AGREEMENT—H.R. 1

Mr. REID. Mr. President, I ask unanimous consent that the Senate proceed

to H.R. 1 at 2 p.m., Monday, February 2.

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

ORDER FOR PRINTING

Mr. REID. Mr. President, I ask unanimous consent that the Inouye-Baucus amendment to H.R. 1, which is at the desk, be printed.

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

CHILDREN'S HEALTH INSURANCE PROGRAM REAUTHORIZATION ACT OF 2009

AMENDMENT NO. 63, AS FURTHER MODIFIED

Mr. REID. Mr. President, I ask unanimous consent that notwithstanding the adoption of the Bingaman amendment No. 63, as modified, and the passage of H.R. 2, the Bingaman amendment No. 63 be modified further with the changes that are at the desk.

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

The amendment No. 63, as further modified, is as follows:

AMENDMENT NO. 63

On page 99, line 9 strike “and” and insert “in writing, by telephone, orally, through electronic signature, or through any other means specified by the Secretary or by”.

On page 108, between lines 3 and 4, insert the following:

“(H) **STATE OPTION TO RELY ON STATE INCOME TAX DATA OR RETURN.**—At the option of the State, a finding from an Express Lane agency may include gross income or adjusted gross income shown by State income tax records or returns.”.

ORDER FOR STAR PRINT—S. 350

Mr. REID. Mr. President, I ask unanimous consent that S. 350 be star printed with the changes at the desk.

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

READING OF WASHINGTON'S FAREWELL ADDRESS

Mr. REID. Mr. President, I ask unanimous consent that notwithstanding the resolution of January 24, 1901, the traditional reading of Washington's Farewell Address take place on Monday, February 23, 2009, at 2 p.m.

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

APPOINTMENTS

The PRESIDING OFFICER. The Chair, on behalf of the Vice President, pursuant to the order of the Senate on January 24, 1901, as modified by the order of January 30, 2009, appoints the Senator from Nebraska, Mr. JOHANNES, to read Washington's Farewell Address on Monday, February 23, 2009.

The Chair, on behalf of the majority leader, pursuant to the provisions of Public Law 99-93, as amended by Public Law 99-151, appoints the Senator from

California (Mrs. FEINSTEIN) as Chairman of the United States Caucus on International Narcotics Control.

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

PROGRAM

Mr. REID. Mr. President, at 6:15 p.m. on Monday, the Senate will proceed to a vote on confirmation of Eric Holder to be Attorney General of the United States.

ADJOURNMENT UNTIL MONDAY,
FEBRUARY 2, 2009, AT 2 P.M.

Mr. REID. Mr. President, if there is no further business to come before the Senate, I ask unanimous consent that it stand adjourned as under the previous order.

There being no objection, the Senate, at 2:37 p.m., adjourned until Monday, February 2, 2009, at 2 p.m.

NOMINATIONS

Executive nominations received by the Senate:

CENTRAL INTELLIGENCE AGENCY

LEON E. PANETTA, OF CALIFORNIA, TO BE DIRECTOR OF THE CENTRAL INTELLIGENCE AGENCY, VICE GENERAL MICHAEL V. HAYDEN, UNITED STATES AIR FORCE.

DEPARTMENT OF JUSTICE

THOMAS JOHN PERRELLI, OF VIRGINIA, TO BE ASSOCIATE ATTORNEY GENERAL, VICE KEVIN J. O'CONNOR, RESIGNED.

IN THE NAVY

THE FOLLOWING NAMED OFFICER FOR APPOINTMENT TO THE GRADE INDICATED IN THE UNITED STATES NAVY WHILE SERVING AS THE ATTENDING PHYSICIAN TO THE CONGRESS, UNDER ARTICLE II, SECTION 2, CLAUSE 2 OF THE CONSTITUTION:

To be rear admiral

CAPT. BRIAN P. MONAHAN

ORDERS FOR MONDAY, FEBRUARY 2, 2009

Mr. REID. Mr. President, I ask unanimous consent that when the Senate completes its business today, it stand adjourned until 2 p.m., Monday, February 2; that following the prayer and the pledge, the Journal of proceedings be approved to date, the morning hour be deemed expired, the time for the two leaders be reserved for their use later in the day, and the Senate proceed to the consideration of H.R. 1, the American Recovery and Reinvestment Act of 2009; further, that at 3:15 p.m., the Senate proceed to executive session, as under the previous order.