

I am pleased that the bill has received strong support from the National Federation of the Blind and the Alliance of Automobile Manufacturers. I commend manufacturers of hybrid and electric vehicles that have already stepped forward to work with NHTSA to address this serious safety issue.

I also want to thank my chairman, Chairman RUSH, and my colleagues, the gentleman from New York (Mr. TOWNS) and the gentleman from Florida (Mr. STEARNS), for their leadership on this issue, which has a strong record of bipartisan awareness and support. I urge my colleagues to support this legislation.

I reserve the balance of my time.

Mr. PITTS. Madam Speaker, I yield myself such time as I may consume.

I rise in support of Senate 841. I commend Congressman TOWNS and Congressman STEARNS for their efforts to improve pedestrian safety as the champions of the House companion legislation to Senate 841. They have worked with all the stakeholders to champion the legislative compromise that the Senate passed and which is before us today.

The National Federation of the Blind and the auto industry support the compromise legislation that will ensure pedestrian safety is not compromised by evolving engine technology.

The success of hybrid cars represents technological progress, but the byproduct is a silent engine that has raised concerns they are not audible to pedestrians and can jeopardize their safety. Quiet technology makes it very difficult for the blind and other pedestrians, such as children, joggers, or bicyclists, to evaluate traffic they do not see. The concern is greatest for blind pedestrians that rely on audible attributes of cars to evaluate direction and speed of traffic to ensure their safety. New vehicles that employ hybrid or electric engine technology can be silent, rendering them extremely dangerous in situations where vehicles and pedestrians come into proximity with each other.

The changes required by the legislation will become more important as hybrid technology becomes more and more widely deployed, and so I urge support.

I reserve the balance of my time.

Mr. BARROW. Madam Speaker, I yield such time as he may consume to the gentleman from New York (Mr. TOWNS).

Mr. TOWNS. Madam Speaker, I would like to thank the gentleman from Georgia for yielding time, and of course the ranking member as well. I rise to urge my colleagues to vote in favor of S. 841, the Pedestrian Safety Enhancement Act.

Today, environmentally friendly vehicles are quickly becoming a staple in the lives of Americans who are attempting to go green. I applaud the use of technology that decreases air pollution and fossil fuel consumption; however, we must address an unforeseen consequence of such innovation.

Over the years, we have heard tragic stories involving pedestrians and hybrid or electric vehicles. Not too long ago, news accounts were the story of a young child hit by a hybrid car. This accident was not caused by a driver's negligence or a car's manufacturing defect. It occurred because the child never heard the approaching car. The hybrids: engines were simply too quiet. Environmentally friendly vehicles such as hybrids often fail to produce audible sounds when driven.

The silent nature of these vehicles, coupled with the growing popularity, presents a dilemma: How do we protect individuals dependent on sounds for their safety, such as unsuspecting pedestrians and the blind? The solution lies in the Pedestrian Safety Act.

This act requires the Secretary of Transportation to conduct a study of the minimum level of sound required for environmentally friendly vehicles. Once this safety standard is determined, it will be applied to all new automobiles manufactured or sold in the United States beginning 2 years after the standard is issued. This is an effective way, not only to prevent avoidable injuries to pedestrians, but to do so without impeding innovation with stringent regulations.

It is clear that environmentally friendly vehicles are growing in popularity. While it is important to embrace technology that benefits our environment, we must do so with the safety of all citizens in mind.

This bill successfully passed the Senate last week and has been a long time coming here in the House. Our Chamber's companion bill, H.R. 734, has 238 bipartisan cosponsors. The bill coming to us from the Senate is even stronger. It is completely deficit neutral and supported by the Alliance of Automobile Manufacturers, the National Federation of the Blind, the Association of International Automobile Manufacturers, and the American Council of the Blind.

Before I conclude, Madam Speaker, let me take a moment to thank my colleague and friend, Representative CLIFF STEARNS, who has worked over the years with me on this bill. I want to thank staff members James Thomas and Nicole Alexander for their tremendous assistance in helping us move this important legislation forward. I would also like to thank Emily Khoury and Dana Grayson and all other staff that have made this moment a reality. This bill has been a model of bipartisanship and will benefit pedestrians across the country for years to come.

I urge all of my colleagues here in the House of Representatives to join me in supporting this very important legislation.

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Mr. PITTS. Madam Speaker, I yield back the balance of my time.

Mr. BARROW. Madam Speaker, I urge my colleagues to support this legislation, and I yield back the balance of my time.

The SPEAKER pro tempore. The question is on the motion offered by the gentleman from Georgia (Mr. BARROW) that the House suspend the rules and pass the bill, S. 841.

The question was taken.

The SPEAKER pro tempore. In the opinion of the Chair, two-thirds being in the affirmative, the ayes have it.

Mr. BARROW. Madam Speaker, on that I demand the yeas and nays.

The yeas and nays were ordered.

The SPEAKER pro tempore. Pursuant to clause 8 of rule XX and the Chair's prior announcement, further proceedings on this motion will be postponed.

REGULATED INVESTMENT COMPANY MODERNIZATION ACT OF 2010

Mr. LEVIN. Madam Speaker, I move to suspend the rules and concur in the Senate amendment to the bill (H.R. 4337) to amend the Internal Revenue Code of 1986 to modify certain rules applicable to regulated investment companies, and for other purposes.

The Clerk read the title of the bill.

The text of the Senate amendment is as follows:

Senate amendment:

Strike all after the enacting clause and insert the following:

SECTION 1. SHORT TITLE, ETC.

(a) *SHORT TITLE.*—This Act may be cited as the "Regulated Investment Company Modernization Act of 2010".

(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:

Sec. 1. Short title, etc.

TITLE I—CAPITAL LOSS CARRYOVERS OF REGULATED INVESTMENT COMPANIES

Sec. 101. Capital loss carryovers of regulated investment companies.

TITLE II—MODIFICATION OF GROSS INCOME AND ASSET TESTS OF REGULATED INVESTMENT COMPANIES

Sec. 201. Savings provisions for failures of regulated investment companies to satisfy gross income and asset tests.

TITLE III—MODIFICATION OF RULES RELATED TO DIVIDENDS AND OTHER DISTRIBUTIONS

Sec. 301. Modification of dividend designation requirements and allocation rules for regulated investment companies.

Sec. 302. Earnings and profits of regulated investment companies.

Sec. 303. Pass-thru of exempt-interest dividends and foreign tax credits in fund of funds structure.

Sec. 304. Modification of rules for spillover dividends of regulated investment companies.

Sec. 305. Return of capital distributions of regulated investment companies.

Sec. 306. Distributions in redemption of stock of a regulated investment company.

Sec. 307. Repeal of preferential dividend rule for publicly offered regulated investment companies.

Sec. 308. Elective deferral of certain late-year losses of regulated investment companies.

Sec. 309. Exception to holding period requirement for certain regularly declared exempt-interest dividends.

TITLE IV—MODIFICATIONS RELATED TO EXCISE TAX APPLICABLE TO REGULATED INVESTMENT COMPANIES

Sec. 401. Excise tax exemption for certain regulated investment companies owned by tax exempt entities.

Sec. 402. Deferral of certain gains and losses of regulated investment companies for excise tax purposes.

Sec. 403. Distributed amount for excise tax purposes determined on basis of taxes paid by regulated investment company.

Sec. 404. Increase in required distribution of capital gain net income.

TITLE V—OTHER PROVISIONS

Sec. 501. Repeal of assessable penalty with respect to liability for tax of regulated investment companies.

Sec. 502. Modification of sales load basis deferral rule for regulated investment companies.

TITLE I—CAPITAL LOSS CARRYOVERS OF REGULATED INVESTMENT COMPANIES

SEC. 101. CAPITAL LOSS CARRYOVERS OF REGULATED INVESTMENT COMPANIES.

(a) IN GENERAL.—Subsection (a) of section 1212 is amended by redesignating paragraph (3) as paragraph (4) and by inserting after paragraph (2) the following new paragraph:

“(3) REGULATED INVESTMENT COMPANIES.—

“(A) IN GENERAL.—If a regulated investment company has a net capital loss for any taxable year—

“(i) paragraph (1) shall not apply to such loss,

“(ii) the excess of the net short-term capital loss over the net long-term capital gain for such year shall be a short-term capital loss arising on the first day of the next taxable year, and

“(iii) the excess of the net long-term capital loss over the net short-term capital gain for such year shall be a long-term capital loss arising on the first day of the next taxable year.

“(B) COORDINATION WITH GENERAL RULE.—If a net capital loss to which paragraph (1) applies is carried over to a taxable year of a regulated investment company—

“(i) LOSSES TO WHICH THIS PARAGRAPH APPLIES.—Clauses (ii) and (iii) of subparagraph (A) shall be applied without regard to any amount treated as a short-term capital loss under paragraph (1).

“(ii) LOSSES TO WHICH GENERAL RULE APPLIES.—Paragraph (1) shall be applied by substituting ‘net capital loss for the loss year or any taxable year thereafter (other than a net capital loss to which paragraph (3)(A) applies)’ for ‘net capital loss for the loss year or any taxable year thereafter’.”

(b) CONFORMING AMENDMENTS.—

(1) Subparagraph (C) of section 1212(a)(1) is amended to read as follows:

“(C) a capital loss carryover to each of the 10 taxable years succeeding the loss year, but only to the extent such loss is attributable to a foreign expropriation loss.”

(2) Paragraph (10) of section 1222 is amended by striking “section 1212” and inserting “section 1212(a)(1)”.

(c) EFFECTIVE DATE.—

(1) IN GENERAL.—Except as provided in paragraph (2), the amendments made by this section shall apply to net capital losses for taxable years beginning after the date of the enactment of this Act.

(2) COORDINATION RULES.—Subparagraph (B) of section 1212(a)(3) of the Internal Revenue Code of 1986, as added by this section, shall apply to taxable years beginning after the date of the enactment of this Act.

TITLE II—MODIFICATION OF GROSS INCOME AND ASSET TESTS OF REGULATED INVESTMENT COMPANIES

SEC. 201. SAVINGS PROVISIONS FOR FAILURES OF REGULATED INVESTMENT COMPANIES TO SATISFY GROSS INCOME AND ASSET TESTS.

(a) ASSET TEST.—Subsection (d) of section 851 is amended—

(1) by striking “A corporation which meets” and inserting the following:

“(1) IN GENERAL.—A corporation which meets”, and

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

“(2) SPECIAL RULES REGARDING FAILURE TO SATISFY REQUIREMENTS.—If paragraph (1) does not preserve a corporation's status as a regulated investment company for any particular quarter—

“(A) IN GENERAL.—A corporation that fails to meet the requirements of subsection (b)(3) (other than a failure described in subparagraph (B)(i)) for such quarter shall nevertheless be considered to have satisfied the requirements of such subsection for such quarter if—

“(i) following the corporation's identification of the failure to satisfy the requirements of such subsection for such quarter, a description of each asset that causes the corporation to fail to satisfy the requirements of such subsection at the close of such quarter is set forth in a schedule for such quarter filed in the manner provided by the Secretary,

“(ii) the failure to meet the requirements of such subsection for such quarter is due to reasonable cause and not due to willful neglect, and

“(iii) (I) the corporation disposes of the assets set forth on the schedule specified in clause (i) within 6 months after the last day of the quarter in which the corporation's identification of the failure to satisfy the requirements of such subsection occurred or such other time period prescribed by the Secretary and in the manner prescribed by the Secretary, or

“(II) the requirements of such subsection are otherwise met within the time period specified in subclause (I).

“(B) RULE FOR CERTAIN DE MINIMIS FAILURES.—A corporation that fails to meet the requirements of subsection (b)(3) for such quarter shall nevertheless be considered to have satisfied the requirements of such subsection for such quarter if—

“(i) such failure is due to the ownership of assets the total value of which does not exceed the lesser of—

“(I) 1 percent of the total value of the corporation's assets at the end of the quarter for which such measurement is done, or

“(II) \$10,000,000, and

“(ii) (I) the corporation, following the identification of such failure, disposes of assets in order to meet the requirements of such subsection within 6 months after the last day of the quarter in which the corporation's identification of the failure to satisfy the requirements of such subsection occurred or such other time period prescribed by the Secretary and in the manner prescribed by the Secretary, or

“(II) the requirements of such subsection are otherwise met within the time period specified in subclause (I).

“(C) TAX.—

“(i) TAX IMPOSED.—If subparagraph (A) applies to a corporation for any quarter, there is hereby imposed on such corporation a tax in an amount equal to the greater of—

“(I) \$50,000, or

“(II) the amount determined (pursuant to regulations promulgated by the Secretary) by multiplying the net income generated by the assets described in the schedule specified in subparagraph (A)(i) for the period specified in clause (ii) by the highest rate of tax specified in section 11.

“(ii) PERIOD.—For purposes of clause (i)(II), the period described in this clause is the period

beginning on the first date that the failure to satisfy the requirements of subsection (b)(3) occurs as a result of the ownership of such assets and ending on the earlier of the date on which the corporation disposes of such assets or the end of the first quarter when there is no longer a failure to satisfy such subsection.

“(iii) ADMINISTRATIVE PROVISIONS.—For purposes of subtitle F, a tax imposed by this subparagraph shall be treated as an excise tax with respect to which the deficiency procedures of such subtitle apply.”

(b) GROSS INCOME TEST.—Section 851 is amended by adding at the end the following new subsection:

“(i) FAILURE TO SATISFY GROSS INCOME TEST.—

“(1) DISCLOSURE REQUIREMENT.—A corporation that fails to meet the requirement of paragraph (2) of subsection (b) for any taxable year shall nevertheless be considered to have satisfied the requirement of such paragraph for such taxable year if—

“(A) following the corporation's identification of the failure to meet such requirement for such taxable year, a description of each item of its gross income described in such paragraph is set forth in a schedule for such taxable year filed in the manner provided by the Secretary, and

“(B) the failure to meet such requirement is due to reasonable cause and not due to willful neglect.

“(2) IMPOSITION OF TAX ON FAILURES.—If paragraph (1) applies to a regulated investment company for any taxable year, there is hereby imposed on such company a tax in an amount equal to the excess of—

“(A) the gross income of such company which is not derived from sources referred to in subsection (b)(2), over

“(B) $\frac{1}{4}$ of the gross income of such company which is derived from such sources.”

(c) DEDUCTION OF TAXES PAID FROM INVESTMENT COMPANY TAXABLE INCOME.—Paragraph (2) of section 852(b) is amended by adding at the end the following new subparagraph:

“(G) There shall be deducted an amount equal to the tax imposed by subsections (d)(2) and (i) of section 851 for the taxable year.”

(d) EFFECTIVE DATE.—The amendments made by this section shall apply to taxable years with respect to which the due date (determined with regard to any extensions) of the return of tax for such taxable year is after the date of the enactment of this Act.

TITLE III—MODIFICATION OF RULES RELATED TO DIVIDENDS AND OTHER DISTRIBUTIONS

SEC. 301. MODIFICATION OF DIVIDEND DESIGNATION REQUIREMENTS AND ALLOCATION RULES FOR REGULATED INVESTMENT COMPANIES.

(a) CAPITAL GAIN DIVIDENDS.—

(1) IN GENERAL.—Subparagraph (C) of section 852(b)(3) is amended to read as follows:

“(C) DEFINITION OF CAPITAL GAIN DIVIDEND.—For purposes of this part—

“(i) IN GENERAL.—Except as provided in clause (ii), a capital gain dividend is any dividend, or part thereof, which is reported by the company as a capital gain dividend in written statements furnished to its shareholders.

“(ii) EXCESS REPORTED AMOUNTS.—If the aggregate reported amount with respect to the company for any taxable year exceeds the net capital gain of the company for such taxable year, a capital gain dividend is the excess of—

“(I) the reported capital gain dividend amount, over

“(II) the excess reported amount which is allocable to such reported capital gain dividend amount.

“(iii) ALLOCATION OF EXCESS REPORTED AMOUNT.—

“(I) IN GENERAL.—Except as provided in subclause (II), the excess reported amount (if any) which is allocable to the reported capital gain

dividend amount is that portion of the excess reported amount which bears the same ratio to the excess reported amount as the reported capital gain dividend amount bears to the aggregate reported amount.

“(II) SPECIAL RULE FOR NONCALENDAR YEAR TAXPAYERS.—In the case of any taxable year which does not begin and end in the same calendar year, if the post-December reported amount equals or exceeds the excess reported amount for such taxable year, subclause (I) shall be applied by substituting ‘post-December reported amount’ for ‘aggregate reported amount’ and no excess reported amount shall be allocated to any dividend paid on or before December 31 of such taxable year.

“(iv) DEFINITIONS.—For purposes of this subparagraph—

“(I) REPORTED CAPITAL GAIN DIVIDEND AMOUNT.—The term ‘reported capital gain dividend amount’ means the amount reported to its shareholders under clause (i) as a capital gain dividend.

“(II) EXCESS REPORTED AMOUNT.—The term ‘excess reported amount’ means the excess of the aggregate reported amount over the net capital gain of the company for the taxable year.

“(III) AGGREGATE REPORTED AMOUNT.—The term ‘aggregate reported amount’ means the aggregate amount of dividends reported by the company under clause (i) as capital gain dividends for the taxable year (including capital gain dividends paid after the close of the taxable year described in section 855).

“(IV) POST-DECEMBER REPORTED AMOUNT.—The term ‘post-December reported amount’ means the aggregate reported amount determined by taking into account only dividends paid after December 31 of the taxable year.

“(v) ADJUSTMENT FOR DETERMINATIONS.—If there is an increase in the excess described in subparagraph (A) for the taxable year which results from a determination (as defined in section 860(e)), the company may, subject to the limitations of this subparagraph, increase the amount of capital gain dividends reported under clause (i).

“(vi) SPECIAL RULE FOR LOSSES LATE IN THE CALENDAR YEAR.—For special rule for certain losses after October 31, see paragraph (8).”.

(2) CONFORMING AMENDMENT.—Subparagraph (B) of section 860(f)(2) is amended by inserting “or reported (as the case may be)” after “designated”.

(b) EXEMPT-INTEREST DIVIDENDS.—Subparagraph (A) of section 852(b)(5) is amended to read as follows:

“(A) DEFINITION OF EXEMPT-INTEREST DIVIDEND.—

“(i) IN GENERAL.—Except as provided in clause (ii), an exempt-interest dividend is any dividend or part thereof (other than a capital gain dividend) paid by a regulated investment company and reported by the company as an exempt-interest dividend in written statements furnished to its shareholders.

“(ii) EXCESS REPORTED AMOUNTS.—If the aggregate reported amount with respect to the company for any taxable year exceeds the exempt interest of the company for such taxable year, an exempt-interest dividend is the excess of—

“(I) the reported exempt-interest dividend amount, over

“(II) the excess reported amount which is allocable to such reported exempt-interest dividend amount.

“(iii) ALLOCATION OF EXCESS REPORTED AMOUNT.—

“(I) IN GENERAL.—Except as provided in subclause (II), the excess reported amount (if any) which is allocable to the reported exempt-interest dividend amount is that portion of the excess reported amount which bears the same ratio to the excess reported amount as the reported exempt-interest dividend amount bears to the aggregate reported amount.

“(II) SPECIAL RULE FOR NONCALENDAR YEAR TAXPAYERS.—In the case of any taxable year

which does not begin and end in the same calendar year, if the post-December reported amount equals or exceeds the excess reported amount for such taxable year, subclause (I) shall be applied by substituting ‘post-December reported amount’ for ‘aggregate reported amount’ and no excess reported amount shall be allocated to any dividend paid on or before December 31 of such taxable year.

“(iv) DEFINITIONS.—For purposes of this subparagraph—

“(I) REPORTED EXEMPT-INTEREST DIVIDEND AMOUNT.—The term ‘reported exempt-interest dividend amount’ means the amount reported to its shareholders under clause (i) as an exempt-interest dividend.

“(II) EXCESS REPORTED AMOUNT.—The term ‘excess reported amount’ means the excess of the aggregate reported amount over the exempt interest of the company for the taxable year.

“(III) AGGREGATE REPORTED AMOUNT.—The term ‘aggregate reported amount’ means the aggregate amount of dividends reported by the company under clause (i) as exempt-interest dividends for the taxable year (including exempt-interest dividends paid after the close of the taxable year described in section 855).

“(IV) POST-DECEMBER REPORTED AMOUNT.—The term ‘post-December reported amount’ means the aggregate reported amount determined by taking into account only dividends paid after December 31 of the taxable year.

“(V) EXEMPT INTEREST.—The term ‘exempt interest’ means, with respect to any regulated investment company, the excess of the amount of interest excludable from gross income under section 103(a) over the amounts disallowed as deductions under sections 265 and 171(a)(2).”.

(c) FOREIGN TAX CREDITS.—

(I) IN GENERAL.—Subsection (c) of section 853 is amended—

(A) by striking “so designated by the company in a written notice mailed to its shareholders not later than 60 days after the close of the taxable year” and inserting “so reported by the company in a written statement furnished to such shareholder”, and

(B) by striking “NOTICE” in the heading and inserting “STATEMENTS”.

(2) CONFORMING AMENDMENTS.—Subsection (d) of section 853 is amended—

(A) by striking “and the notice to shareholders required by subsection (c)” in the text thereof, and

(B) by striking “AND NOTIFYING SHAREHOLDERS” in the heading thereof.

(d) CREDITS FOR TAX CREDIT BONDS.—

(I) IN GENERAL.—Subsection (c) of section 853A is amended—

(A) by striking “so designated by the regulated investment company in a written notice mailed to its shareholders not later than 60 days after the close of its taxable year” and inserting “so reported by the regulated investment company in a written statement furnished to such shareholder”, and

(B) by striking “NOTICE” in the heading and inserting “STATEMENTS”.

(2) CONFORMING AMENDMENTS.—Subsection (d) of section 853A is amended—

(A) by striking “and the notice to shareholders required by subsection (c)” in the text thereof, and

(B) by striking “AND NOTIFYING SHAREHOLDERS” in the heading thereof.

(e) DIVIDEND RECEIVED DEDUCTION, ETC.—

(I) IN GENERAL.—Paragraph (1) of section 854(b) is amended—

(A) by striking “designated under this subparagraph by the regulated investment company” in subparagraph (A) and inserting “reported by the regulated investment company as eligible for such deduction in written statements furnished to its shareholders”,

(B) by striking “designated by the regulated investment company” in subparagraph (B)(i) and inserting “reported by the regulated investment company as qualified dividend income in

written statements furnished to its shareholders”,

(C) by striking “designated” in subparagraph (C)(i) and inserting “reported”, and

(D) by striking “designated” in subparagraph (C)(ii) and inserting “reported”.

(2) CONFORMING AMENDMENTS.—Subsection (b) of section 854 is amended by striking paragraph (2) and by redesignating paragraphs (3), (4), and (5), as paragraphs (2), (3), and (4), respectively.

(f) DIVIDENDS PAID TO CERTAIN FOREIGN PERSONS.—

(I) INTEREST-RELATED DIVIDENDS.—Subparagraph (C) of section 871(k)(1) is amended by striking all that precedes “any taxable year of the company beginning” and inserting the following:

“(C) INTEREST-RELATED DIVIDEND.—For purposes of this paragraph—

“(i) IN GENERAL.—Except as provided in clause (ii), an interest related dividend is any dividend, or part thereof, which is reported by the company as an interest related dividend in written statements furnished to its shareholders.

“(ii) EXCESS REPORTED AMOUNTS.—If the aggregate reported amount with respect to the company for any taxable year exceeds the qualified net interest income of the company for such taxable year, an interest related dividend is the excess of—

“(I) the reported interest related dividend amount, over

“(II) the excess reported amount which is allocable to such reported interest related dividend amount.

“(iii) ALLOCATION OF EXCESS REPORTED AMOUNT.—

“(I) IN GENERAL.—Except as provided in subclause (II), the excess reported amount (if any) which is allocable to the reported interest related dividend amount is that portion of the excess reported amount which bears the same ratio to the excess reported amount as the reported interest related dividend amount bears to the aggregate reported amount.

“(II) SPECIAL RULE FOR NONCALENDAR YEAR TAXPAYERS.—In the case of any taxable year which does not begin and end in the same calendar year, if the post-December reported amount equals or exceeds the excess reported amount for such taxable year, subclause (I) shall be applied by substituting ‘post-December reported amount’ for ‘aggregate reported amount’ and no excess reported amount shall be allocated to any dividend paid on or before December 31 of such taxable year.

“(iv) DEFINITIONS.—For purposes of this subparagraph—

“(I) REPORTED INTEREST RELATED DIVIDEND AMOUNT.—The term ‘reported interest related dividend amount’ means the amount reported to its shareholders under clause (i) as an interest related dividend.

“(II) EXCESS REPORTED AMOUNT.—The term ‘excess reported amount’ means the excess of the aggregate reported amount over the qualified net interest income of the company for the taxable year.

“(III) AGGREGATE REPORTED AMOUNT.—The term ‘aggregate reported amount’ means the aggregate amount of dividends reported by the company under clause (i) as interest related dividends for the taxable year (including interest related dividends paid after the close of the taxable year described in section 855).

“(IV) POST-DECEMBER REPORTED AMOUNT.—The term ‘post-December reported amount’ means the aggregate reported amount determined by taking into account only dividends paid after December 31 of the taxable year.

“(v) TERMINATION.—The term ‘interest related dividend’ shall not include any dividend with respect to”.

(2) SHORT-TERM CAPITAL GAIN DIVIDENDS.—Subparagraph (C) of section 871(k)(2) is amended by striking all that precedes “any taxable year of the company beginning” and inserting the following:

“(C) **SHORT-TERM CAPITAL GAIN DIVIDEND.**—For purposes of this paragraph—

“(i) **IN GENERAL.**—Except as provided in clause (ii), the term ‘short-term capital gain dividend’ means any dividend, or part thereof, which is reported by the company as a short-term capital gain dividend in written statements furnished to its shareholders.

“(ii) **EXCESS REPORTED AMOUNTS.**—If the aggregate reported amount with respect to the company for any taxable year exceeds the qualified short-term gain of the company for such taxable year, the term ‘short-term capital gain dividend’ means the excess of—

“(I) the reported short-term capital gain dividend amount, over

“(II) the excess reported amount which is allocable to such reported short-term capital gain dividend amount.

“(iii) **ALLOCATION OF EXCESS REPORTED AMOUNT.**—

“(I) **IN GENERAL.**—Except as provided in subclause (II), the excess reported amount (if any) which is allocable to the reported short-term capital gain dividend amount is that portion of the excess reported amount which bears the same ratio to the excess reported amount as the reported short-term capital gain dividend amount bears to the aggregate reported amount.

“(II) **SPECIAL RULE FOR NONCALENDAR YEAR TAXPAYERS.**—In the case of any taxable year which does not begin and end in the same calendar year, if the post-December reported amount equals or exceeds the excess reported amount for such taxable year, subclause (I) shall be applied by substituting ‘post-December reported amount’ for ‘aggregate reported amount’ and no excess reported amount shall be allocated to any dividend paid on or before December 31 of such taxable year.

“(iv) **DEFINITIONS.**—For purposes of this subparagraph—

“(I) **REPORTED SHORT-TERM CAPITAL GAIN DIVIDEND AMOUNT.**—The term ‘reported short-term capital gain dividend amount’ means the amount reported to its shareholders under clause (i) as a short-term capital gain dividend.

“(II) **EXCESS REPORTED AMOUNT.**—The term ‘excess reported amount’ means the excess of the aggregate reported amount over the qualified short-term gain of the company for the taxable year.

“(III) **AGGREGATE REPORTED AMOUNT.**—The term ‘aggregate reported amount’ means the aggregate amount of dividends reported by the company under clause (i) as short-term capital gain dividends for the taxable year (including short-term capital gain dividends paid after the close of the taxable year described in section 855).

“(IV) **POST-DECEMBER REPORTED AMOUNT.**—The term ‘post-December reported amount’ means the aggregate reported amount determined by taking into account only dividends paid after December 31 of the taxable year.

“(v) **TERMINATION.**—The term ‘short-term capital gain dividend’ shall not include any dividend with respect to”.

(g) **CONFORMING AMENDMENTS.**—Section 855 is amended—

(1) by striking subsection (c) and redesignating subsection (d) as subsection (c), and

(2) by striking “, (c) and (d)” in subsection (a) and inserting “and (c)”.

(h) **EFFECTIVE DATE.**—The amendments made by this section shall apply to taxable years beginning after the date of the enactment of this Act.

(i) **APPLICATION OF JGTRRA SUNSET.**—Section 303 of the Jobs and Growth Tax Relief Reconciliation Act of 2003 shall apply to the amendments made by subparagraphs (B) and (D) of subsection (e)(1) to the same extent and in the same manner as section 303 of such Act applies to the amendments made by section 302 of such Act.

SEC. 302. EARNINGS AND PROFITS OF REGULATED INVESTMENT COMPANIES.

(a) **IN GENERAL.**—Paragraph (1) of section 852(c) is amended to read as follows:

“(1) **TREATMENT OF NONDEDUCTIBLE ITEMS.**—

“(A) **NET CAPITAL LOSS.**—If a regulated investment company has a net capital loss for any taxable year—

“(i) such net capital loss shall not be taken into account for purposes of determining the company’s earnings and profits, and

“(ii) any capital loss arising on the first day of the next taxable year by reason of clause (ii) or (iii) of section 1212(a)(3)(A) shall be treated as so arising for purposes of determining earnings and profits.

“(B) **OTHER NONDEDUCTIBLE ITEMS.**—

“(i) **IN GENERAL.**—The earnings and profits of a regulated investment company for any taxable year (but not its accumulated earnings and profits) shall not be reduced by any amount which is not allowable as a deduction (other than by reason of section 265 or 171(a)(2)) in computing its taxable income for such taxable year.

“(ii) **COORDINATION WITH TREATMENT OF NET CAPITAL LOSSES.**—Clause (i) shall not apply to a net capital loss to which subparagraph (A) applies.”.

(b) **CONFORMING AMENDMENTS.**—

(1) Subsection (c) of section 852 is amended by adding at the end the following new paragraph:

“(4) **REGULATED INVESTMENT COMPANY.**—For purposes of this subsection, the term ‘regulated investment company’ includes a domestic corporation which is a regulated investment company determined without regard to the requirements of subsection (a).”.

(2) Paragraphs 1(A) and 2(A) of section 871(k) are each amended by inserting “which meets the requirements of section 852(a) for the taxable year with respect to which the dividend is paid” before the period at the end.

(c) **EFFECTIVE DATE.**—The amendments made by this section shall apply to taxable years beginning after the date of the enactment of this Act.

SEC. 303. PASS-THRU OF EXEMPT-INTEREST DIVIDENDS AND FOREIGN TAX CREDITS IN FUND OF FUNDS STRUCTURE.

(a) **IN GENERAL.**—Section 852 is amended by adding at the end the following new subsection:

“(g) **SPECIAL RULES FOR FUND OF FUNDS.**—

“(1) **IN GENERAL.**—In the case of a qualified fund of funds—

“(A) such fund shall be qualified to pay exempt-interest dividends to its shareholders without regard to whether such fund satisfies the requirements of the first sentence of subsection (b)(5), and

“(B) such fund may elect the application of section 853 (relating to foreign tax credit allowed to shareholders) without regard to the requirement of subsection (a)(1) thereof.

“(2) **QUALIFIED FUND OF FUNDS.**—For purposes of this subsection, the term ‘qualified fund of funds’ means a regulated investment company if (at the close of each quarter of the taxable year) at least 50 percent of the value of its total assets is represented by interests in other regulated investment companies.”.

(b) **EFFECTIVE DATE.**—The amendment made by this section shall apply to taxable years beginning after the date of the enactment of this Act.

SEC. 304. MODIFICATION OF RULES FOR SPILL-OVER DIVIDENDS OF REGULATED INVESTMENT COMPANIES.

(a) **DEADLINE FOR DECLARATION OF DIVIDEND.**—Paragraph (1) of section 855(a) is amended to read as follows:

“(1) declares a dividend before the later of—

“(A) the 15th day of the 9th month following the close of the taxable year, or

“(B) in the case of an extension of time for filing the company’s return for the taxable year, the due date for filing such return taking into account such extension, and”.

(b) **DEADLINE FOR DISTRIBUTION OF DIVIDEND.**—Paragraph (2) of section 855(a) is amended by striking “the first regular dividend payment” and inserting “the first dividend payment of the same type of dividend”.

(c) **SHORT-TERM CAPITAL GAIN.**—Subsection (a) of section 855 is amended by adding at the end the following: “For purposes of paragraph (2), a dividend attributable to any short-term capital gain with respect to which a notice is required under the Investment Company Act of 1940 shall be treated as the same type of dividend as a capital gain dividend.”.

(d) **EFFECTIVE DATE.**—The amendments made by this section shall apply to distributions in taxable years beginning after the date of the enactment of this Act.

SEC. 305. RETURN OF CAPITAL DISTRIBUTIONS OF REGULATED INVESTMENT COMPANIES.

(a) **IN GENERAL.**—Subsection (b) of section 316 is amended by adding at the end the following new paragraph:

“(4) **CERTAIN DISTRIBUTIONS BY REGULATED INVESTMENT COMPANIES IN EXCESS OF EARNINGS AND PROFITS.**—In the case of a regulated investment company that has a taxable year other than a calendar year, if the distributions by the company with respect to any class of stock of such company for the taxable year exceed the company’s current and accumulated earnings and profits which may be used for the payment of dividends on such class of stock, the company’s current earnings and profits shall, for purposes of subsection (a), be allocated first to distributions with respect to such class of stock made during the portion of the taxable year which precedes January 1.”.

(b) **EFFECTIVE DATE.**—The amendment made by this section shall apply to distributions made in taxable years beginning after the date of the enactment of this Act.

SEC. 306. DISTRIBUTIONS IN REDEMPTION OF STOCK OF A REGULATED INVESTMENT COMPANY.

(a) **REDEMPTIONS TREATED AS EXCHANGES.**—

(1) **IN GENERAL.**—Subsection (b) of section 302 is amended by redesignating paragraph (5) as paragraph (6) and by inserting after paragraph (4) the following new paragraph:

“(5) **REDEMPTIONS BY CERTAIN REGULATED INVESTMENT COMPANIES.**—Except to the extent provided in regulations prescribed by the Secretary, subsection (a) shall apply to any distribution in redemption of stock of a publicly offered regulated investment company (within the meaning of section 67(c)(2)(B)) if—

“(A) such redemption is upon the demand of the stockholder, and

“(B) such company issues only stock which is redeemable upon the demand of the stockholder.”.

(2) **CONFORMING AMENDMENT.**—Subsection (a) of section 302 is amended by striking “or (4)” and inserting “(4), or (5)”.

(b) **LOSSES ON REDEMPTIONS NOT DISALLOWED FOR FUND-OF-FUNDS REGULATED INVESTMENT COMPANIES.**—Paragraph (3) of section 267(f) is amended by adding at the end the following new subparagraph:

“(D) **REDEMPTIONS BY FUND-OF-FUNDS REGULATED INVESTMENT COMPANIES.**—Except to the extent provided in regulations prescribed by the Secretary, subsection (a)(1) shall not apply to any distribution in redemption of stock of a regulated investment company if—

“(i) such company issues only stock which is redeemable upon the demand of the stockholder, and

“(ii) such redemption is upon the demand of another regulated investment company.”.

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

SEC. 307. REPEAL OF PREFERENTIAL DIVIDEND RULE FOR PUBLICLY OFFERED REGULATED INVESTMENT COMPANIES.

(a) **IN GENERAL.**—Subsection (c) of section 562 is amended by striking “The amount” and inserting “Except in the case of a publicly offered regulated investment company (as defined in section 67(c)(2)(B)), the amount”.

(b) **CONFORMING AMENDMENT.**—Section 562(c) is amended by inserting “(other than a publicly

offered regulated investment company (as so defined))” after “regulated investment company” in the second sentence thereof.

(c) **EFFECTIVE DATE.**—The amendments made by this section shall apply to distributions in taxable years beginning after the date of the enactment of this Act.

SEC. 308. ELECTIVE DEFERRAL OF CERTAIN LATE-YEAR LOSSES OF REGULATED INVESTMENT COMPANIES.

(a) **IN GENERAL.**—Paragraph (8) of section 852(b) is amended to read as follows:

“(8) **ELECTIVE DEFERRAL OF CERTAIN LATE-YEAR LOSSES.**—

“(A) **IN GENERAL.**—Except as otherwise provided by the Secretary, a regulated investment company may elect for any taxable year to treat any portion of any qualified late-year loss for such taxable year as arising on the first day of the following taxable year for purposes of this title.

“(B) **QUALIFIED LATE-YEAR LOSS.**—For purposes of this paragraph, the term ‘qualified late-year loss’ means—

“(i) any post-October capital loss, and

“(ii) any late-year ordinary loss.

“(C) **POST-OCTOBER CAPITAL LOSS.**—For purposes of this paragraph, the term ‘post-October capital loss’ means the greatest of—

“(i) the net capital loss attributable to the portion of the taxable year after October 31,

“(ii) the net long-term capital loss attributable to such portion of the taxable year, or

“(iii) the net short-term capital loss attributable to such portion of the taxable year.

“(D) **LATE-YEAR ORDINARY LOSS.**—For purposes of this paragraph, the term ‘late-year ordinary loss’ means the excess (if any) of—

“(i) the sum of—

“(I) the specified losses (as defined in section 4982(e)(5)(B)(ii)) attributable to the portion of the taxable year after October 31, plus

“(II) the ordinary losses not described in subclause (I) attributable to the portion of the taxable year after December 31, over

“(ii) the sum of—

“(I) the specified gains (as defined in section 4982(e)(5)(B)(i)) attributable to the portion of the taxable year after October 31, plus

“(II) the ordinary income not described in subclause (I) attributable to the portion of the taxable year after December 31.

“(E) **SPECIAL RULE FOR COMPANIES DETERMINING REQUIRED CAPITAL GAIN DISTRIBUTIONS ON TAXABLE YEAR BASIS.**—In the case of a company to which an election under section 4982(e)(4) applies—

“(i) if such company’s taxable year ends with the month of November, the amount of qualified late-year losses (if any) shall be computed without regard to any income, gain, or loss described in subparagraphs (C), (D)(i)(I), and (D)(ii)(I), and

“(ii) if such company’s taxable year ends with the month of December, subparagraph (A) shall not apply.”.

(b) **CONFORMING AMENDMENTS.**—

(1) Subsection (b) of section 852 is amended by striking paragraph (10).

(2) Paragraph (2) of section 852(c) is amended by striking the first sentence and inserting the following: “For purposes of applying this chapter to distributions made by a regulated investment company with respect to any calendar year, the earnings and profits of such company shall be determined without regard to any net capital loss attributable to the portion of the taxable year after October 31 and without regard to any late-year ordinary loss (as defined in subsection (b)(8)(D)).”

(3) Subparagraph (D) of section 871(k)(2) is amended by striking the last two sentences and inserting the following: “For purposes of this subparagraph, the net short-term capital gain of the regulated investment company shall be computed by treating any short-term capital gain dividend includible in gross income with respect to stock of another regulated investment company as a short-term capital gain.”.

(c) **EFFECTIVE DATE.**—The amendments made by this section shall apply to taxable years beginning after the date of the enactment of this Act.

SEC. 309. EXCEPTION TO HOLDING PERIOD REQUIREMENT FOR CERTAIN REGULARLY DECLARED EXEMPT-INTEREST DIVIDENDS.

(a) **IN GENERAL.**—Subparagraph (E) of section 852(b)(4) is amended by striking all that precedes “In the case of a regulated investment company” and inserting the following:

“(E) **EXCEPTION TO HOLDING PERIOD REQUIREMENT FOR CERTAIN REGULARLY DECLARED EXEMPT-INTEREST DIVIDENDS.**—

“(i) **DAILY DIVIDEND COMPANIES.**—Except as otherwise provided by regulations, subparagraph (B) shall not apply with respect to a regular dividend paid by a regulated investment company which declares exempt-interest dividends on a daily basis in an amount equal to at least 90 percent of its net tax-exempt interest and distributes such dividends on a monthly or more frequent basis.

“(ii) **AUTHORITY TO SHORTEN REQUIRED HOLDING PERIOD WITH RESPECT TO OTHER COMPANIES.**—”.

(b) **CONFORMING AMENDMENT.**—Clause (ii) of section 852(b)(4)(E), as amended by subsection (a), is amended by inserting “(other than a company described in clause (i))” after “regulated investment company”.

(c) **EFFECTIVE DATE.**—The amendments made by this section shall apply to losses incurred on shares of stock for which the taxpayer’s holding period begins after the date of the enactment of this Act.

TITLE IV—MODIFICATIONS RELATED TO EXCISE TAX APPLICABLE TO REGULATED INVESTMENT COMPANIES

SEC. 401. EXCISE TAX EXEMPTION FOR CERTAIN REGULATED INVESTMENT COMPANIES OWNED BY TAX EXEMPT ENTITIES.

(a) **IN GENERAL.**—Subsection (f) of section 4982 is amended—

(1) by striking “either” in the matter preceding paragraph (1),

(2) by striking “or” at the end of paragraph (1),

(3) by striking the period at the end of paragraph (2), and

(4) by inserting after paragraph (2) the following new paragraphs:

“(3) any other tax-exempt entity whose ownership of beneficial interests in the company would not preclude the application of section 817(h)(4), or

“(4) another regulated investment company described in this subsection.”.

(b) **EFFECTIVE DATE.**—The amendment made by this section shall apply to calendar years beginning after the date of the enactment of this Act.

SEC. 402. DEFERRAL OF CERTAIN GAINS AND LOSSES OF REGULATED INVESTMENT COMPANIES FOR EXCISE TAX PURPOSES.

(a) **IN GENERAL.**—Subsection (e) of section 4982 is amended by striking paragraphs (5) and (6) and inserting the following new paragraphs:

“(5) **TREATMENT OF SPECIFIED GAINS AND LOSSES AFTER OCTOBER 31 OF CALENDAR YEAR.**—

“(A) **IN GENERAL.**—Any specified gain or specified loss which (but for this paragraph) would be properly taken into account for the portion of the calendar year after October 31 shall be treated as arising on January 1 of the following calendar year.

“(B) **SPECIFIED GAINS AND LOSSES.**—For purposes of this paragraph—

“(i) **SPECIFIED GAIN.**—The term ‘specified gain’ means ordinary gain from the sale, exchange, or other disposition of property (including the termination of a position with respect to such property). Such term shall include any foreign currency gain attributable to a section 988

transaction (within the meaning of section 988) and any amount includible in gross income under section 1296(a)(1).

“(ii) **SPECIFIED LOSS.**—The term ‘specified loss’ means ordinary loss from the sale, exchange, or other disposition of property (including the termination of a position with respect to such property). Such term shall include any foreign currency loss attributable to a section 988 transaction (within the meaning of section 988) and any amount allowable as a deduction under section 1296(a)(2).

“(C) **SPECIAL RULE FOR COMPANIES ELECTING TO USE THE TAXABLE YEAR.**—In the case of any company making an election under paragraph (4), subparagraph (A) shall be applied by substituting the last day of the company’s taxable year for October 31.

“(6) **TREATMENT OF MARK TO MARKET GAIN.**—

“(A) **IN GENERAL.**—For purposes of determining a regulated investment company’s ordinary income, notwithstanding paragraph (1)(C), each specified mark to market provision shall be applied as if such company’s taxable year ended on October 31. In the case of a company making an election under paragraph (4), the preceding sentence shall be applied by substituting the last day of the company’s taxable year for October 31.

“(B) **SPECIFIED MARK TO MARKET PROVISION.**—For purposes of this paragraph, the term ‘specified mark to market provision’ means sections 1256 and 1296 and any other provision of this title (or regulations thereunder) which treats property as disposed of on the last day of the taxable year.

“(7) **ELECTIVE DEFERRAL OF CERTAIN ORDINARY LOSSES.**—Except as provided in regulations prescribed by the Secretary, in the case of a regulated investment company which has a taxable year other than the calendar year—

“(A) such company may elect to determine its ordinary income for the calendar year without regard to any net ordinary loss (determined without regard to specified gains and losses taken into account under paragraph (5)) which is attributable to the portion of such calendar year which is after the beginning of the taxable year which begins in such calendar year, and

“(B) any amount of net ordinary loss not taken into account for a calendar year by reason of subparagraph (A) shall be treated as arising on the 1st day of the following calendar year.”.

(b) **EFFECTIVE DATE.**—The amendments made by this section shall apply to calendar years beginning after the date of the enactment of this Act.

SEC. 403. DISTRIBUTED AMOUNT FOR EXCISE TAX PURPOSES DETERMINED ON BASIS OF TAXES PAID BY REGULATED INVESTMENT COMPANY.

(a) **IN GENERAL.**—Subsection (c) of section 4982 is amended by adding at the end the following new paragraph:

“(4) **SPECIAL RULE FOR ESTIMATED TAX PAYMENTS.**—

“(A) **IN GENERAL.**—In the case of a regulated investment company which elects the application of this paragraph for any calendar year—

“(i) the distributed amount with respect to such company for such calendar year shall be increased by the amount on which qualified estimated tax payments are made by such company during such calendar year, and

“(ii) the distributed amount with respect to such company for the following calendar year shall be reduced by the amount of such increase.

“(B) **QUALIFIED ESTIMATED TAX PAYMENTS.**—For purposes of this paragraph, the term ‘qualified estimated tax payments’ means, with respect to any calendar year, payments of estimated tax of a tax described in paragraph (1)(B) for any taxable year which begins (but does not end) in such calendar year.”.

(b) **EFFECTIVE DATE.**—The amendment made by this section shall apply to calendar years beginning after the date of the enactment of this Act.

SEC. 404. INCREASE IN REQUIRED DISTRIBUTION OF CAPITAL GAIN NET INCOME.

(a) **IN GENERAL.**—Subparagraph (B) of section 4982(b)(1) is amended by striking “98 percent” and inserting “98.2 percent”.

(b) **EFFECTIVE DATE.**—The amendments made by this section shall apply to calendar years beginning after the date of the enactment of this Act.

TITLE V—OTHER PROVISIONS

SEC. 501. REPEAL OF ASSESSABLE PENALTY WITH RESPECT TO LIABILITY FOR TAX OF REGULATED INVESTMENT COMPANIES.

(a) **IN GENERAL.**—Part I of subchapter B of chapter 68 is amended by striking section 6697 (and by striking the item relating to such section in the table of sections of such part).

(b) **CONFORMING AMENDMENT.**—Section 860 is amended by striking subsection (j).

(c) **EFFECTIVE DATE.**—The amendments made by this section shall apply to taxable years beginning after the date of the enactment of this Act.

SEC. 502. MODIFICATION OF SALES LOAD BASIS DEFERRAL RULE FOR REGULATED INVESTMENT COMPANIES.

(a) **IN GENERAL.**—Subparagraph (C) of section 852(f)(1) is amended by striking “subsequently acquires” and inserting “acquires, during the period beginning on the date of the disposition referred to in subparagraph (B) and ending on January 31 of the calendar year following the calendar year that includes the date of such disposition.”.

(b) **EFFECTIVE DATE.**—The amendment made by this section shall apply to charges incurred in taxable years beginning after the date of the enactment of this Act.

The SPEAKER pro tempore. Pursuant to the rule, the gentleman from Michigan (Mr. LEVIN) and the gentleman from Ohio (Mr. TIBERI) each will control 20 minutes.

The Chair recognizes the gentleman from Michigan.

GENERAL LEAVE

Mr. LEVIN. Madam Speaker, I ask unanimous consent that all Members have 5 legislative days to revise and extend their remarks and insert any extraneous material in the CONGRESSIONAL RECORD.

The SPEAKER pro tempore. Is there objection to the request of the gentleman from Michigan?

There was no objection.

Mr. LEVIN. I yield such time as he may consume to the gentleman from Massachusetts (Mr. NEAL), someone who has been working on this issue for—I don't know how long—a long time.

Mr. NEAL. I thank the chairman.

Madam Speaker, this legislation has already passed the House. It really was a bipartisan achievement this year, and much of the good work that went into this legislation has been years in coming.

More than 100 years ago, the first mutual fund was started in Boston, Massachusetts. Mutual funds have been a way for the “everyman” to invest in the market with benefits of pooling and diversification. Today, more than 50 million households invest through mutual funds with a median household

income of \$80,000. More than 50 percent of 401(k) plan assets were invested in mutual funds at the end of 2009.

H.R. 4337 was introduced last year by Mr. RANGEL and me to modernize the tax laws regarding regulated investment companies, better known as mutual funds. The tax rules that relate to mutual funds date back more than 50 years, and although these rules have been updated from time to time, it has been over 20 years since the rules were last revisited.

The bill before us today would make several changes to the Tax Code to address outdated provisions, such as rules that relate to preferential dividends, rules that require mutual funds to send separate annual dividend designation notices to shareholders, and rules that prevent mutual funds from earning income from commodities.

In June, my subcommittee, the Select Revenue Measures Subcommittee, reviewed this legislation with a panel of experts who expressed support for the changes. Simply put, the subcommittee held a hearing, and there was broad support on the Democratic side and on the Republican side for the accomplishment that sits in front of us.

I am pleased to support this modified legislation, which is also revenue neutral. The Ways and Means Committee has a responsibility to review our tax rules from time to time and to remove the deadwood and update where necessary. This bill accomplishes that to the benefit of the investors, taxpayers, and mutual fund companies.

I urge its adoption. I thank the chairman for yielding to me, and I thank our friends on the other side for their endorsement of this legislation as well.

Mr. TIBERI. I yield myself such time as I may consume.

Madam Speaker, as was just said, regulated investment companies, better known as mutual funds to most Americans and to us, are intended to provide individual investors the ability to invest easily and with low cost in a diversified pool of professionally managed investments, and they have worked. In fact, according to the Investment Company Institute, the largest trade association for mutual funds, as Chairman NEAL said, more than 50 million American families currently invest in mutual funds.

Most of the current laws that mutual funds have to deal with have not been comprehensively updated for more than two decades. In fact, H.R. 4337 would modify and update certain technical tax rules pertaining to mutual funds. These changes will allow mutual funds to better conform to and interact with other aspects of the Tax Code and security laws.

As Chairman NEAL said, we had a wonderful hearing where every single person who testified agreed to the changes in the underlying piece of legislation. It was passed in this House unanimously after that hearing this last summer. Every witness was sup-

portive, and no opposition came before us with respect to the legislation. It was passed in the Senate last week by unanimous consent, with one change.

My hope is today, Chairman LEVIN, Chairman NEAL, Madam Speaker, that this House will once again vote for this underlying piece of legislation with the one change and send it on to the President. Let's make this change, and let's give American mutual fund investors some certainty into the future.

I yield back the balance of my time.

Mr. LEVIN. Madam Speaker, the bill before us right now makes important changes to the tax law rules that relate, as Mr. NEAL and Mr. TIBERI said, to regulated investment companies, more commonly known as mutual funds. They were described 80 years ago in testimony before the Ways and Means Committee as, “A group of small investors who have banded together for the purpose of obtaining diversity and supervision through the medium of pooling their investments.”

While mutual funds continue to serve this important role, the tax rules that govern mutual funds have not been updated in over 20 years. In June of this year, the Select Revenue Measures Subcommittee, chaired by Mr. NEAL, heard testimony from a variety of industry experts stressing the importance of modifying our Nation's tax laws to ensure that the technical tax rules pertaining to mutual funds would better interact with other tax rules.

The Ways and Means Committee and the Congress have an obligation to ensure that our tax rules keep up with the times, so the bill before us would update and simplify the rules that apply to mutual funds to ensure that small investors are not disadvantaged simply because they band their investments together through a mutual fund rather than investing directly.

The bill enjoys strong bipartisan support. It passed the House by voice vote earlier this year and just last week was amended to pass the Senate by unanimous consent.

I want to thank all of my colleagues on Ways and Means and all others who joined for their contributions to ensure that these important changes to the mutual fund rules can be swiftly signed into law by the President of the United States. Passage today will do just that. So I urge strong support for this measure.

I yield back the balance of my time.

The SPEAKER pro tempore. The question is on the motion offered by the gentleman from Michigan (Mr. LEVIN) that the House suspend the rules and concur in the Senate amendment to the bill, H.R. 4337.

The question was taken; and (two-thirds being in the affirmative) the rules were suspended and the Senate amendment was concurred in.

A motion to reconsider was laid on the table.

□ 1750

OMNIBUS TRADE ACT OF 2010

Mr. LEVIN. Madam Speaker, I move to suspend the rules and pass the bill (H.R. 6517) to extend trade adjustment assistance and certain trade preference programs, to amend the Harmonized Tariff Schedule of the United States to modify temporarily certain rates of duty, and for other purposes, as amended.

The Clerk read the title of the bill.

The text of the bill is as follows:

H.R. 6517

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 “Omnibus Trade Act of 2010”.

SEC. 2. ORGANIZATION OF ACT INTO DIVISIONS; TABLE OF CONTENTS.

(a) DIVISIONS.—This Act is organized into three divisions as follows:

(1) Division A—Extension of Trade Adjustment Assistance and certain trade preference programs.

(2) Division B—Tariff and related provisions.

(3) Division C—Offsets.

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

Sec. 1. Short title.

Sec. 2. Organization of Act into divisions; table of contents.

DIVISION A—EXTENSION OF TRADE ADJUSTMENT ASSISTANCE AND CERTAIN TRADE PREFERENCE PROGRAMS

TITLE I—TRADE ADJUSTMENT ASSISTANCE AND HEALTH COVERAGE IMPROVEMENT

Subtitle A—Extension of Trade Adjustment Assistance

Sec. 101. Extension of Trade Adjustment Assistance.

Sec. 102. Merit staffing for State administration of Trade Adjustment Assistance.

Subtitle B—Health Coverage Improvement

Sec. 111. Improvement of the affordability of the credit.

Sec. 112. Payment for the monthly premiums paid prior to commencement of the advance payments of credit.

Sec. 113. TAA recipients not enrolled in training programs eligible for credit.

Sec. 114. TAA pre-certification period rule for purposes of determining whether there is a 63-day lapse in creditable coverage.

Sec. 115. Continued qualification of family members after certain events.

Sec. 116. Extension of COBRA benefits for certain TAA-eligible individuals and PBGC recipients.

Sec. 117. Addition of coverage through voluntary employees' beneficiary associations.

Sec. 118. Notice requirements.

Subtitle C—Other Modifications to Trade Adjustment Assistance

Sec. 121. Community College and Career Training Grant Program.

TITLE II—GENERALIZED SYSTEM OF PREFERENCES AND ANDEAN TRADE PREFERENCES ACT

Sec. 201. Extension of Generalized System of Preferences.

Sec. 202. Extension of Andean Trade Preference Act.

DIVISION B—TARIFF AND RELATED PROVISIONS

Sec. 1001. Reference.

TITLE I—NEW AND EXISTING DUTY SUSPENSIONS AND REDUCTIONS

Subtitle A—New Duty Suspensions and Reductions

Sec. 1101. Certain plasma flat panel displays.

Sec. 1102. Golf club driver heads.

Sec. 1103. Electronic dimming ballasts.

Sec. 1104. Nickel carbonate.

Sec. 1105. Cobalt carbonate.

Sec. 1106. Tebuthiuron.

Sec. 1107. 2,4-Diamino-3-sulfoxyethylsulfonfyl)-phenylazo]-5-sulfoxyethylsulfonfyl)-2-sulfoxyethylsulfonfyl)-benzenesulfonic acid potassium sodium salt.

Sec. 1108. Acrylic or modacrylic synthetic staple fibers, not carded, combed, or otherwise processed for spinning, containing 85 percent or more by weight of acrylonitrile units.

Sec. 1109. Capacitor grade homopolymer polypropylene resin in primary form.

Sec. 1110. Compound T3028.

Sec. 1111. 4-Vinylbenzenesulfonic acid, sodium salt hydrate.

Sec. 1112. 4-Vinylbenzenesulfonic acid, lithium salt.

Sec. 1113. Certain cathode ray tubes.

Sec. 1114. Bromacil.

Sec. 1115. Dimethyl 2,3,5,6-tetrachloro-1,4-benzenedicarboxylate.

Sec. 1116. 1,1,2,2-Tetrafluoroethylene, oxidized, polymerized, reduced.

Sec. 1117. Diphosphoric acid, polymers with ethoxylated reduced methyl esters of reduced polymerized oxidized tetrafluoroethylene.

Sec. 1118. 1,2-Propanediol, 3-(diethylamino)-, polymers with 5-isocyanato-1-(isocyanatomethyl)-1,3,3-trimethylcyclohexane, propylene glycol and reduced methyl esters of reduced polymerized oxidized tetrafluoroethylene, 2-ethyl-1-hexanol-blocked, acetates (salts).

Sec. 1119. Spirotetramat.

Sec. 1120. Flubendiamide.

Sec. 1121. 1,3-Cyclohexanedione.

Sec. 1122. Thiencarbazone-methyl.

Sec. 1123. Tembotrione.

Sec. 1124. 2-(Methylthio)-4-(trifluoromethyl)benzoic acid.

Sec. 1125. Products containing 3-Mesityl-2-oxo-1-oxaspiro[4.4]non-3-en-4-yl 3,3-dimethylbutyrate.

Sec. 1126. Mixtures containing Pyrasulfotole: 5-Hydroxy-1,3-dimethylpyrazol-4-yl 2-mesyl-4-(trifluoromethyl)phenyl ketone; and Bromoxynil Octanoate: 2,4-Dibromo-6-cyanophenyl octanoate; and Bromoxynil Heptanoate: 2,4-Dibromo-6-cyanophenyl heptanoate.

Sec. 1127. Cyprosulfamide.

Sec. 1128. Mixtures of N-[2-(2-oxoimidazolidine-1-yl)ethyl]-2-methylacrylamide, methacrylic acid, aminoethyl ethylene urea and hydroquinone.

Sec. 1129. Quinaldine.

Sec. 1130. 4,4'-Butylidenebis[2-(1,1-dimethylethyl)-5-methylphenol].

Sec. 1131. 2,2'-Methylenebis[6-(1,1-dimethylethyl)-4-phenol].

Sec. 1132. Basic Red 51.

Sec. 1133. 2-Aminotoluene-5-sulfonic acid.

Sec. 1134. Solvent Violet 13.

Sec. 1135. Solvent Violet 11.

Sec. 1136. Disperse Blue 359.

Sec. 1137. Disperse Yellow 241.

Sec. 1138. Dimyristyl peroxydicarbonate.

Sec. 1139. Dicitetyl peroxydicarbonate.

Sec. 1140. Variable speed hubs (except 2- and 3-speed).

Sec. 1141. 1,4-Benzenedisulfonic acid, 2,2'-[(1-methyl-1,2-ethanediyl)bis[imino(6-fluoro-1,3,5-triazine-4,2-diyl)imino(1-hydroxy-3-sulfo-6,2-naphthalenediyl)azo]]bis[5-methoxy-, sodium salt.

Sec. 1142. 2,7-Naphthalenedisulfonic acid, 5-[[4-chloro-6-[[2-[[4-chloro-6-[[7-[[4-(ethenylsulfonfyl)phenyl]azo]-8-hydroxy-3,6-disulfo-1-naphthalenyl]amino]-1,3,5-triazin-2-yl]amino]ethyl](2-hydroxyethyl)amino]-1,3,5-triazin-2-yl]amino]-3-[[4-(ethenylsulfonfyl)phenyl]azo]-4-hydroxy-, sodium salt.

Sec. 1143. S-Methoprene.

Sec. 1144. S-abscisic acid.

Sec. 1145. 1,2,4-Triazole.

Sec. 1146. Fluopicolide.

Sec. 1147. Fenhexamid.

Sec. 1148. Belt & Synapse.

Sec. 1149. Acetoacetamide.

Sec. 1150. Squaric acid.

Sec. 1151. Chlorodimethylacetacetamide.

Sec. 1152. Certain mixtures of N,N'-dimethylacetacetamide.

Sec. 1153. Lambda-cyhalothrin.

Sec. 1154. Mondur M Flaked.

Sec. 1155. Certain acrylic fiber tow.

Sec. 1156. Single light optical sensor, stainless steel casing, 0.5 meter-long, 2.2 millimeter diameter cable.

Sec. 1157. A5546 sulfonamide.

Sec. 1158. Hexanedioic acid, polymer with 1,2-ethanediol, 2-ethyl-2-(hydroxymethyl)-1,3-propanediol and 1,3-isobenzofurandione, 2-propenoate.

Sec. 1159. Certain hot feed extruding machines certified by the importer as being used in the production of truck and automobile tires, such machines capable of extruding rubber materials measuring 870 mm or more but not over 1200 mm in width, and parts thereof.

Sec. 1160. 7-Hydroxy.

Sec. 1161. Dimethomorph.

Sec. 1162. Certain engines for snowmobiles.

Sec. 1163. Mixtures of polyvinyl alcohol and polyvinyl pyrrolidone.

Sec. 1164. Zinc diethylphosphinate.

Sec. 1165. VAT Orange 7.

Sec. 1166. 1-Nitroanthraquinone.

Sec. 1167. Leucoquinizarin.

Sec. 1168. 2,2'-(2-Methylpropylidene) bis(4,6-dimethylphenol).

Sec. 1169. 2,5-Bis(1,1-dimethylpropyl)-1,4-benzenediol.

Sec. 1170. 4,4'-Thiobis[2-(1,1-dimethylethyl)-5-methylphenol].

Sec. 1171. Benzeneacetic acid, α -amino-4-chloro.

Sec. 1172. 1-Amino-2,6-dimethylbenzene.

Sec. 1173. p-Aminobenzoic Acid.

Sec. 1174. 2-Amino-3-Cyanothiophene.

Sec. 1175. Nesoi hubs.

Sec. 1176. Polyethylene glycol branched-nonylphenyl ether phosphate.

Sec. 1177. Bismuth subsalicylate.

Sec. 1178. 5-Ethyl-2-methylpyridine.

Sec. 1179. Polyphenolcyanate.

Sec. 1180. Chemical that is used for dyeing apparel home textiles.

Sec. 1181. Hexane, 1,6-dichloro-.