

S. 3959

At the request of Mrs. McCASKILL, the name of the Senator from Delaware (Mr. CARPER) was added as a cosponsor of S. 3959, a bill to eliminate the preferences and special rules for Alaska Native Corporations under the program under section 8(a) of the Small Business Act.

S. 3960

At the request of Mr. LAUTENBERG, the name of the Senator from Oregon (Mr. MERKLEY) was added as a cosponsor of S. 3960, a bill to prevent harassment at institutions of higher education, and for other purposes.

S. 3979

At the request of Mr. BROWN of Ohio, the name of the Senator from Michigan (Ms. STABENOW) was added as a cosponsor of S. 3979, a bill to amend the Emergency Economic Stabilization Act of 2008 to allow amounts under the Troubled Assets Relief Program to be used to provide legal assistance to homeowners to avoid foreclosure.

AMENDMENT NO. 4626

At the request of Mr. UDALL of Colorado, the name of the Senator from Tennessee (Mr. ALEXANDER) was added as a cosponsor of amendment No. 4626 intended to be proposed to S. 3454, an original bill to authorize appropriations for fiscal year 2011 for military activities of the Department of Defense, for military construction, and for defense activities of the Department of Energy, to prescribe military personnel strengths for such fiscal year, and for other purposes.

SUBMITTED RESOLUTIONS

SENATE RESOLUTION 697—RECOGNIZING THE 15TH ANNIVERSARY OF THE DAYTON PEACE ACCORDS

Mr. BROWN of Ohio submitted the following resolution; which was considered and agreed to:

S. RES. 697

Whereas on December 14, 1995, the Dayton Peace Accords established peace and ended the war on the Balkan Peninsula in which more than 2,000,000 people were displaced and thousands were killed;

Whereas peace treaty negotiations began November 1, 1995, at Wright-Patterson Air Force Base in Dayton, Ohio, and concluded there on November 21, 1995, when Bosnia and Herzegovina, Croatia, and Serbia agreed to settle all war conflicts;

Whereas after 21 days of negotiations, the peace treaty negotiations successfully concluded with a peace treaty that was accepted by all parties;

Whereas the Dayton, Ohio, community provided outstanding security during the peace treaty negotiations;

Whereas the conclusion of the Dayton Peace Accords was a successful effort of the North Atlantic Treaty Organization led by the United States, with outstanding cooperation from the Russian Federation, Germany, France, and the United Kingdom;

Whereas the Dayton Peace Accords were the result of, and showed the success of, strong joint North Atlantic Treaty Organiza-

tion efforts to promote and establish peace, security, and prosperity;

Whereas the signatories to the Dayton Peace Accords made a commitment to fully respect human rights and the rights of refugees and displaced persons;

Whereas the Dayton Peace Accords transformed Bosnia and Herzegovina from a country mired in a war based on ethnic and religious differences into a country engaged in an intense, but peaceful, struggle over the manner by which to form an independent and stable country;

Whereas the United States Agency for International Development and other bilateral and multilateral agencies and organizations made large investments to build a strong and independent media in Croatia, Serbia, and Bosnia and Herzegovina;

Whereas the Dayton International Peace Museum honors the Dayton Peace Accords and offers nonpartisan educational programs and exhibitions featuring the themes of non-violent conflict resolution, social justice, international relations, and peace;

Whereas the people of the State of Ohio and the Dayton region facilitated and strongly supported the implementation of the Dayton Peace Accords, as well as promoted the peaceful democratization of the deeply divided country of Bosnia and Herzegovina;

Whereas stability and prosperity were fostered by the State of Ohio through the establishment of an exemplary relationship between the Ohio National Guard and the Armed Forces of Serbia;

Whereas the Dayton Literary Peace Prize, established in 2006, remains the only literary peace prize in the United States and follows the legacy of the 1995 Dayton Peace Accords by acknowledging writers who advance peace through literature;

Whereas the city of Dayton and the city of Sarajevo have built a solid relationship as Sister Cities, and many other organizations in the region, such as the University of Dayton and the Friendship Force, have built strong relationships with the people of Bosnia and Herzegovina through programs and exchanges; and

Whereas while progress remains to be made in refining the governance structures of Bosnia and Herzegovina, the Dayton Peace Accords successfully established peace, restored human dignity, and laid the foundation for future progress in Bosnia and Herzegovina: Now, therefore, be it

Resolved, That the Senate—

(1) recognizes the 15th anniversary of the Dayton Peace Accords;

(2) acknowledges the challenges Bosnia and Herzegovina still face and commends the socioeconomic and political progress that is being made in Bosnia and Herzegovina;

(3) encourages the Government of Bosnia and Herzegovina to adhere to the membership requirements of the North Atlantic Treaty Organization so that Bosnia and Herzegovina may join the alliance without delay;

(4) encourages the further integration and cooperation of European countries with the goal of establishing peace and economic prosperity for all of the people of Europe;

(5) renews the commitment of the United States to support the people of Bosnia and Herzegovina;

(6) urges the continuation of constitutional reforms, market-based economic growth, and improved dialogue between the people of Bosnia and Herzegovina and the elected Government of Bosnia and Herzegovina; and

(7) encourages the United States Air Force to take appropriate measures to provide historical interpretation of the site of the Dayton Peace Accords to educate the public on the historical significance of the Dayton

Peace Accords and the importance of negotiation in world peace.

AMENDMENTS SUBMITTED AND PROPOSED

SA 4740. Ms. LANDRIEU submitted an amendment intended to be proposed by her to the bill S. 3454, to authorize appropriations for fiscal year 2011 for military activities of the Department of Defense, for military construction, and for defense activities of the Department of Energy, to prescribe military personnel strengths for such fiscal year, and for other purposes; which was ordered to lie on the table.

SA 4741. Ms. LANDRIEU submitted an amendment intended to be proposed by her to the bill S. 3454, supra; which was ordered to lie on the table.

SA 4742. Mr. BENNET (for Mr. REID (for himself, Mr. MCCONNELL, Mr. BAUCUS, and Mr. GRASSLEY)) proposed an amendment to the bill H.R. 4994, to extend certain expiring provisions of the Medicare and Medicaid programs, and for other purposes.

SA 4743. Mr. BENNET (for Mr. REID) proposed an amendment to the bill H.R. 4994, supra.

SA 4744. Mr. REID (for Mr. BINGAMAN (for himself, Mr. CRAPO, and Mr. KERRY)) proposed an 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.

SA 4745. Mr. REID (for Mr. CARPER) proposed an amendment to the bill S. 3167, to amend title 13 of the United States Code to provide for a 5-year term of office for the Director of the Census and to provide for authority and duties of the Director and Deputy Director of the Census, and for other purposes.

TEXT OF AMENDMENTS

SA 4740. Ms. LANDRIEU submitted an amendment intended to be proposed by her to the bill S. 3454, to authorize appropriations for fiscal year 2011 for military activities of the Department of Defense, for military construction, and for defense activities of the Department of Energy, to prescribe military personnel strengths for such fiscal year, and for other purposes; which was ordered to lie on the table; as follows:

At the appropriate end of subtitle B of title X, add the following:

SEC. 1012. REPLACEMENT COMBAT LOGISTICS FORCE UNDERWAY REPLENISHMENT SHIP CAPABILITIES FOR THE NAVY ON A COMMERCIAL FEE-FOR-SERVICE BASIS.

(a) IN GENERAL.—

(1) PROGRAM REQUIRED.—The Secretary of the Navy shall carry out a program, in response to Naval Surface Warfare Center Carderock Division Combat Logistics Force Energy Saving Program, BAA N000167-09-BAA-01, to obtain replacement combat logistics force underway replenishment ship capabilities for the Navy on a commercial fee-for-service basis.

(2) DETERMINATION OF REPLACEMENT SHIPS REQUIRED.—As part of the program required by this section, the Secretary—

(A) shall determine an initial number of fleet oiler ships to be constructed, leased, or both under the program to meet anticipated demands of the Navy for combat logistics force underway replenishment ships; and

(B) may from time to time determine an additional number of fleet oiler ships to be constructed, leased, or both for such purpose.

(3) **AVAILABILITY OF FUNDS.**—Of the amount authorized to be appropriated for research, development, test, and evaluation by section 201 and available for the Navy as specified in the funding table in section 4201, \$20,000,000 shall be available for contractor activities for phase 1 (detailed combat logistics force fee-for-service performance requirements specification and detailed feasibility study reflecting such performance requirements) and phase 2 (completion of adequate development work to support contractor delivery of a fixed-price multi-year fee-for service proposal, consistent with this section and with sufficient detail and cost definition support to meet government contracting requirements) of the program required by this section. Such funds shall be available for that purpose without fiscal year limitation.

(4) **BUDGETING.**—The budget of the President for each fiscal year after fiscal year 2011 (as submitted to Congress pursuant to section 1105(a) of title 31, United States Code) shall specify the funds to be required in such fiscal year for the program required by this section, including amounts to be required for the following:

(A) The capital costs to be incurred in such fiscal year in connection with national defense features or modifications of fleet oiler ships constructed or leased under phase 3 of the program.

(B) The costs of executing multi-year contracts authorized by subsection (b) during such fiscal year.

(b) **MULTIYEAR CONTRACTS TO OBTAIN REPLENISHMENT SUPPORT USING SHIPS CONSTRUCTED UNDER PROGRAM.**—

(1) **IN GENERAL.**—In carrying out the program required by this section, the Secretary of the Navy may not enter into one or more multiyear contracts for the purpose of obtaining combat logistics force underway replenishment support for the Navy using ships constructed or leased under the program on a commercial fee-for-service basis unless an appropriation is provided in advance specifically for all obligations to be made under the contract, including any obligations for payments to be made in years after the year in which the contract is entered into, any obligations for payments for early cancellation of the contract, and any obligations for payments for the exercise of contract options.

(2) **ELEMENTS.**—Each contract under this subsection shall provide for payment by the United States of the following:

(A) The operational cost of combat logistics force underway replenishment support provided the Navy by the ship or ships covered by the contract.

(B) The costs of any national defense features or modifications on the ship or ships covered by the contract, which costs shall be paid in full through equal monthly installments under the contract over a number of months (not to exceed 60 months) beginning on or after the date on which the Navy certifies that the ship or ships covered by the contract are qualified and meet Navy standards to provide combat logistics force underway replenishment support for the Navy.

(3) **COMPLIANCE WITH LAW APPLICABLE TO MULTIYEAR CONTRACTS.**—Any contract entered into under this subsection shall be entered into in accordance with the provisions of section 2306c of title 10, United States Code, except that—

(A) notwithstanding subsection (b) of such section, the combat logistics force underway replenishment support for the Navy to be obtained under the contract shall be treated as services to which the authority in subsection (a) of such section applies;

(B) the term of the contract may not be more than eight years; and

(C) notwithstanding subsections (d) and (e) of such section—

(i) the contract may not be entered into unless amounts necessary to cover all costs of cancellation of the contract are appropriated before the contract is entered into; and

(ii) funds appropriated in advance for performance of the contract shall be the only funds available for costs of cancellation of the contract.

(4) **COMPLIANCE WITH LAW APPLICABLE TO SERVICE CONTRACTS.**—A contract entered into under this subsection shall be entered into in accordance with the provisions of section 2401 of title 10, United States Code, except that—

(A) the Secretary shall not be required to certify to the congressional defense committees that the contract is the most cost-effective means of obtaining combat logistics force underway replenishment support for the Navy; and

(B) the Secretary shall not be required to certify to the congressional defense committees that there is no alternative for meeting urgent operational requirements other than making the contract.

(5) **LIMITATION ON AMOUNT.**—The amount of any contract (including any options) under this subsection may not exceed \$999,999,999.

(c) **PREFERENCE FOR FINANCING UNDER FEDERAL SHIP FINANCING PROGRAM.**—A contractor seeking financing for a ship whose principal service will be the provision of combat logistics force underway replenishment support for the Navy under a contract under subsection (b) shall be given approval preference by the Secretary of Transportation for the Federal Ship Financing Program under chapter 537 of title 46, United States Code.

(d) **GOVERNMENT WAR RISK INSURANCE.**—A contractor with the Navy under subsection (b) shall be eligible for Government-provided war risk insurance for the ship or ships covered by the contract in accordance with chapter 539 of title 46, United States Code, with the following exceptions:

(1) With regard to section 53902(a) of such title, the Secretary of the Navy may act for the Secretary of Transportation in approving the issuance of such insurance.

(2) While an insured ship is completely dedicated to the provision of combat logistics force underway replenishment support for the Navy, the insurance may be issued as agency insurance in accordance with section 53905 of such title.

SA 4741. Ms. LANDRIEU submitted an amendment intended to be proposed by her to the bill S. 3454, to authorize appropriations for fiscal year 2011 for military activities of the Department of Defense, for military construction, and for defense activities of the Department of Energy, to prescribe military personnel strengths for such fiscal year, and for other purposes; which was ordered to lie on the table; as follows:

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

SEC. 126. ADDITIONAL COMBAT SHIP MATTERS.

(a) **MODIFICATIONS TO LITTORAL COMBAT SHIP PROGRAM AUTHORITY.**—Section 121 of the National Defense Authorization Act for Fiscal Year 2010 (Public Law 111-84; 123 Stat. 2211) is amended—

(1) in subsection (a)—

(A) in paragraph (1)—

(i) by striking “ten Littoral Combat Ships and 15 Littoral Combat Ship ship control and weapon systems” and inserting “20 Littoral Combat Ships (LCS), including ship control and weapon systems,”; and

(ii) by striking “a contract” and inserting “one or more contracts”; and

(B) in paragraph (2)—

(i) by striking “A contract” and inserting “Any contract”; and

(ii) by striking “liability to” and inserting “liability of”;

(2) in subsection (b)—

(A) in paragraph (1), by striking “a procurement” and inserting “any contract”; and

(B) in paragraph (2)—

(i) by striking “a Littoral” and inserting “any Littoral”; and

(ii) in subparagraph (A), by striking “a second shipyard, as soon as practicable” and inserting “another shipyard to build to a design specification for that Littoral Combat Ship”; and

(3) in subsection (c)(1), by striking “awarded to a contractor selected as part of a procurement” and inserting “under any contract”.

(b) **REPLACEMENT COMBAT LOGISTICS FORCE UNDERWAY REPLENISHMENT SHIP CAPABILITIES FOR THE NAVY ON A COMMERCIAL FEE-FOR-SERVICE BASIS.**—

(1) **PROGRAM REQUIRED.**—The Secretary of the Navy shall carry out a program, in response to Naval Surface Warfare Center Carderock Division Combat Logistics Force Energy Saving Program, BAA N000167-09-BAA-01, to obtain replacement combat logistics force underway replenishment ship capabilities for the Navy on a commercial fee-for-service basis.

(2) **DETERMINATION OF REPLACEMENT SHIPS REQUIRED.**—As part of the program required by this subsection, the Secretary—

(A) shall determine an initial number of fleet oiler ships to be constructed, leased, or both under the program to meet anticipated demands of the Navy for combat logistics force underway replenishment ships; and

(B) may from time to time determine an additional number of fleet oiler ships to be constructed, leased, or both for such purpose.

(3) **AVAILABILITY OF FUNDS.**—Of the amount authorized to be appropriated for research, development, test, and evaluation by section 201 and available for the Navy as specified in the funding table in section 4201, \$20,000,000 shall be available for contractor activities for phase 1 (detailed combat logistics force fee-for-service performance requirements specification and detailed feasibility study reflecting such performance requirements) and phase 2 (completion of adequate development work to support contractor delivery of a fixed-price multi-year fee-for service proposal, consistent with this section and with sufficient detail and cost definition support to meet government contracting requirements) of the program required by this section. Such funds shall be available for that purpose without fiscal year limitation.

(4) **BUDGETING.**—The budget of the President for each fiscal year after fiscal year 2011 (as submitted to Congress pursuant to section 1105(a) of title 31, United States Code) shall specify the funds to be required in such fiscal year for the program required by this section, including amounts to be required for the following:

(A) The capital costs to be incurred in such fiscal year in connection with national defense features or modifications of fleet oiler ships constructed or leased under phase 3 of the program.

(B) The costs of executing multi-year contracts authorized by subsection (c) during such fiscal year.

(c) **MULTIYEAR CONTRACTS TO OBTAIN REPLENISHMENT SUPPORT USING SHIPS CONSTRUCTED UNDER PROGRAM.**—

(1) **IN GENERAL.**—In carrying out the program required by this section, the Secretary of the Navy may not enter into one or more

multiyear contracts for the purpose of obtaining combat logistics force underway replenishment support for the Navy using ships constructed or leased under the program on a commercial fee-for-service basis unless an appropriation is provided in advance specifically for all obligations to be made under the contract, including any obligations for payments to be made in years after the year in which the contract is entered into, any obligations for payments for early cancellation of the contract, and any obligations for payments for the exercise of contract options.

(2) **ELEMENTS.**—Each contract under this subsection shall provide for payment by the United States of the following:

(A) The operational cost of combat logistics force underway replenishment support provided the Navy by the ship or ships covered by the contract.

(B) The costs of any national defense features or modifications on the ship or ships covered by the contract, which costs shall be paid in full through equal monthly installments under the contract over a number of months (not to exceed 60 months) beginning on or after the date on which the Navy certifies that the ship or ships covered by the contract are qualified and meet Navy standards to provide combat logistics force underway replenishment support for the Navy.

(3) **COMPLIANCE WITH LAW APPLICABLE TO MULTIYEAR CONTRACTS.**—Any contract entered into under this subsection shall be entered into in accordance with the provisions of section 2306c of title 10, United States Code, except that—

(A) notwithstanding subsection (b) of such section, the combat logistics force underway replenishment support for the Navy to be obtained under the contract shall be treated as services to which the authority in subsection (a) of such section applies;

(B) the term of the contract may not be more than eight years; and

(C) notwithstanding subsections (d) and (e) of such section—

(i) the contract may not be entered into unless amounts necessary to cover all costs of cancellation of the contract are appropriated before the contract is entered into; and

(ii) funds appropriated in advance for performance of the contract shall be the only funds available for costs of cancellation of the contract.

(4) **COMPLIANCE WITH LAW APPLICABLE TO SERVICE CONTRACTS.**—A contract entered into under this subsection shall be entered into in accordance with the provisions of section 2401 of title 10, United States Code, except that—

(A) the Secretary shall not be required to certify to the congressional defense committees that the contract is the most cost-effective means of obtaining combat logistics force underway replenishment support for the Navy; and

(B) the Secretary shall not be required to certify to the congressional defense committees that there is no alternative for meeting urgent operational requirements other than making the contract.

(5) **LIMITATION ON AMOUNT.**—The amount of any contract (including any options) under this subsection may not exceed \$999,999,999.

(d) **PREFERENCE FOR FINANCING UNDER FEDERAL SHIP FINANCING PROGRAM.**—A contractor seeking financing for a ship whose principal service will be the provision of combat logistics force underway replenishment support for the Navy under a contract under subsection (c) shall be given approval preference by the Secretary of Transportation for the Federal Ship Financing Program under chapter 537 of title 46, United States Code.

(e) **GOVERNMENT WAR RISK INSURANCE.**—A contractor with the Navy under subsection (c) shall be eligible for Government-provided war risk insurance for the ship or ships covered by the contract in accordance with chapter 539 of title 46, United States Code, with the following exceptions:

(1) With regard to section 53902(a) of such title, the Secretary of the Navy may act for the Secretary of Transportation in approving the issuance of such insurance.

(2) While an insured ship is completely dedicated to the provision of combat logistics force underway replenishment support for the Navy, the insurance may be issued as agency insurance in accordance with section 53905 of such title.

SA 4742. Mr. BENNET (for Mr. REID (for himself, Mr. MCCONNELL, Mr. BAUCUS, and Mr. GRASSLEY)) proposed an amendment to the bill H.R. 4994, to extend certain expiring provisions of the Medicare and Medicaid programs, and for other purposes; as follows:

Strike all after the enacting clause and insert the following:

SECTION 1. SHORT TITLE; TABLE OF CONTENTS.

(a) **SHORT TITLE.**—This Act may be cited as the “Medicare and Medicaid Extenders Act of 2010”.

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

Sec. 1. Short title; table of contents.

TITLE I—EXTENSIONS

Sec. 101. Physician payment update.

Sec. 102. Extension of MMA section 508 reclassifications.

Sec. 103. Extension of Medicare work geographic adjustment floor.

Sec. 104. Extension of exceptions process for Medicare therapy caps.

Sec. 105. Extension of payment for technical component of certain physician pathology services.

Sec. 106. Extension of ambulance add-ons.

Sec. 107. Extension of physician fee schedule mental health add-on payment.

Sec. 108. Extension of outpatient hold harmless provision.

Sec. 109. Extension of Medicare reasonable costs payments for certain clinical diagnostic laboratory tests furnished to hospital patients in certain rural areas.

Sec. 110. Extension of the qualifying individual (QI) program.

Sec. 111. Extension of Transitional Medical Assistance (TMA).

Sec. 112. Special diabetes programs.

TITLE II—OTHER PROVISIONS

Sec. 201. Clarification of effective date of part B special enrollment period for disabled TRICARE beneficiaries.

Sec. 202. Repeal of delay of RUG-IV.

Sec. 203. Clarification for affiliated hospitals for distribution of additional residency positions.

Sec. 204. Continued inclusion of orphan drugs in definition of covered outpatient drugs with respect to children's hospitals under the 340B drug discount program.

Sec. 205. Medicaid and CHIP technical corrections.

Sec. 206. Funding for claims reprocessing.

Sec. 207. Revision to the Medicare Improvement Fund.

Sec. 208. Limitations on aggregate amount recovered on reconciliation of the health insurance tax credit and the advance of that credit.

Sec. 209. Determination of budgetary effects.

TITLE I—EXTENSIONS

SEC. 101. PHYSICIAN PAYMENT UPDATE.

Section 1848(d) of the Social Security Act (42 U.S.C. 1395w-4(d)) is amended by adding at the end the following new paragraph:

“(12) UPDATE FOR 2011.—

“(A) IN GENERAL.—Subject to paragraphs (7)(B), (8)(B), (9)(B), (10)(B), and (11)(B), in lieu of the update to the single conversion factor established in paragraph (1)(C) that would otherwise apply for 2011, the update to the single conversion factor shall be 0 percent.

“(B) NO EFFECT ON COMPUTATION OF CONVERSION FACTOR FOR 2012 AND SUBSEQUENT YEARS.—The conversion factor under this subsection shall be computed under paragraph (1)(A) for 2012 and subsequent years as if subparagraph (A) had never applied.”.

SEC. 102. EXTENSION OF MMA SECTION 508 RECLASSIFICATIONS.

(a) **EXTENSION.**—

(1) **IN GENERAL.**—Section 106(a) of division B of the Tax Relief and Health Care Act of 2006 (42 U.S.C. 1395 note), as amended by section 117 of the Medicare, Medicaid, and SCHIP Extension Act of 2007 (Public Law 110-173), section 124 of the Medicare Improvements for Patients and Providers Act of 2008 (Public Law 110-275), and sections 3137(a) and 10317 of the Patient Protection and Affordable Care Act (Public Law 111-148), is amended by striking “September 30, 2010” and inserting “September 30, 2011”.

(2) **SPECIAL RULE FOR FISCAL YEAR 2011.**—

(A) **IN GENERAL.**—Subject to subparagraph (B), for purposes of implementation of the amendment made by paragraph (1), including (notwithstanding paragraph (3) of section 117(a) of the Medicare, Medicaid, and SCHIP Extension Act of 2007 (Public Law 110-173), as amended by section 124(b) of the Medicare Improvements for Patients and Providers Act of 2008 (Public Law 110-275)) for purposes of the implementation of paragraph (2) of such section 117(a), during fiscal year 2011, the Secretary of Health and Human Services shall use the hospital wage index that was promulgated by the Secretary of Health and Human Services in the Federal Register on August 16, 2010 (75 Fed. Reg. 50042), and any subsequent corrections.

(B) **EXCEPTION.**—Beginning on April 1, 2011, in determining the wage index applicable to hospitals that qualify for wage index reclassification, the Secretary shall include the average hourly wage data of hospitals whose reclassification was extended pursuant to the amendment made by paragraph (1) only if including such data results in a higher applicable reclassified wage index. Any revision to hospital wage indexes made as a result of this subparagraph shall not be effected in a budget neutral manner.

(3) **ADJUSTMENT FOR CERTAIN HOSPITALS IN FISCAL YEAR 2011.**—

(A) **IN GENERAL.**—In the case of a subsection (d) hospital (as defined in subsection (d)(1)(B) of section 1886 of the Social Security Act (42 U.S.C. 1395ww)) with respect to which—

(i) a reclassification of its wage index for purposes of such section was extended pursuant to the amendment made by paragraph (1); and

(ii) the wage index applicable for such hospital for the period beginning on October 1, 2010, and ending on March 31, 2011, was lower than for the period beginning on April 1, 2011, and ending on September 30, 2011, by reason of the application of paragraph (2)(B);

the Secretary shall pay such hospital an additional payment that reflects the difference between the wage index for such periods.

(B) **TIMEFRAME FOR PAYMENTS.**—The Secretary shall make payments required under

subparagraph (A) by not later than December 31, 2011.

(b) CONFORMING AMENDMENT.—Section 117(a)(3) of the Medicare, Medicaid, and SCHIP Extension Act of 2007 (Public Law 110-173) is amended by inserting “in fiscal years 2008 and 2009” after “For purposes of implementation of this subsection”.

SEC. 103. EXTENSION OF MEDICARE WORK GEOGRAPHIC ADJUSTMENT FLOOR.

Section 1848(e)(1)(E) of the Social Security Act (42 U.S.C. 1395w-4(e)(1)(E)) is amended by striking “before January 1, 2011” and inserting “before January 1, 2012”.

SEC. 104. EXTENSION OF EXCEPTIONS PROCESS FOR MEDICARE THERAPY CAPS.

Section 1833(g)(5) of the Social Security Act (42 U.S.C. 1395l(g)(5)) is amended by striking “and ending on” and all that follows through “2010” and inserting “and ending on December 31, 2011”.

SEC. 105. EXTENSION OF PAYMENT FOR TECHNICAL COMPONENT OF CERTAIN PHYSICIAN PATHOLOGY SERVICES.

Section 542(c) of the Medicare, Medicaid, and SCHIP Benefits Improvement and Protection Act of 2000 (as enacted into law by section 1(a)(6) of Public Law 106-554), as amended by section 732 of the Medicare Prescription Drug, Improvement, and Modernization Act of 2003 (42 U.S.C. 1395w-4 note), section 104 of division B of the Tax Relief and Health Care Act of 2006 (42 U.S.C. 1395w-4 note), section 104 of the Medicare, Medicaid, and SCHIP Extension Act of 2007 (Public Law 110-173), section 136 of the Medicare Improvements for Patients and Providers Act of 2008 (Public Law 110-275), and section 3104 of the Patient Protection and Affordable Care Act (Public Law 111-148) is amended by striking “and 2010” and inserting “2010, and 2011”.

SEC. 106. EXTENSION OF AMBULANCE ADD-ONS.

(a) GROUND AMBULANCE.—Section 1834(l)(13)(A) of the Social Security Act (42 U.S.C. 1395m(l)(13)(A)) is amended—

(1) in the matter preceding clause (i), by striking “2011” and inserting “2012”; and

(2) in each of clauses (i) and (ii), by striking “January 1, 2011” and inserting “January 1, 2012” each place it appears.

(b) AIR AMBULANCE.—Section 146(b)(1) of the Medicare Improvements for Patients and Providers Act of 2008 (Public Law 110-275), as amended by sections 3105(b) and 10311(b) of Public Law 111-148, is amended by striking “December 31, 2010” and inserting “December 31, 2011”.

(c) SUPER RURAL AMBULANCE.—Section 1834(l)(12)(A) of the Social Security Act (42 U.S.C. 1395m(l)(12)(A)) is amended by striking “2011” and inserting “2012”.

SEC. 107. EXTENSION OF PHYSICIAN FEE SCHEDULE MENTAL HEALTH ADD-ON PAYMENT.

Section 138(a)(1) of the Medicare Improvements for Patients and Providers Act of 2008 (Public Law 110-275), as amended by section 3107 of the Patient Protection and Affordable Care Act (Public Law 111-148), is amended by striking “December 31, 2010” and inserting “December 31, 2011”.

SEC. 108. EXTENSION OF OUTPATIENT HOLD HARMLESS PROVISION.

Section 1833(t)(7)(D)(i) of the Social Security Act (42 U.S.C. 1395l(t)(7)(D)(i)), as amended by section 3121(a) of the Patient Protection and Affordable Care Act (Public Law 111-148), is amended—

(1) in subclause (II)—

(A) in the first sentence, by striking “2011” and inserting “2012”; and

(B) in the second sentence, by striking “or 2010” and inserting “2010, or 2011”; and

(2) in subclause (III), by striking “January 1, 2011” and inserting “January 1, 2012”.

SEC. 109. EXTENSION OF MEDICARE REASONABLE COSTS PAYMENTS FOR CERTAIN CLINICAL DIAGNOSTIC LABORATORY TESTS FURNISHED TO HOSPITAL PATIENTS IN CERTAIN RURAL AREAS.

Section 416(b) of the Medicare Prescription Drug, Improvement, and Modernization Act of 2003 (42 U.S.C. 1395l-4), as amended by section 105 of division B of the Tax Relief and Health Care Act of 2006 (42 U.S.C. 1395l note), section 107 of the Medicare, Medicaid, and SCHIP Extension Act of 2007 (42 U.S.C. 1395l note), and section 3122 of the Patient Protection and Affordable Care Act (Public Law 111-148), is amended by striking “the 1-year period beginning on July 1, 2010” and inserting “the 2-year period beginning on July 1, 2010”.

SEC. 110. EXTENSION OF THE QUALIFYING INDIVIDUAL (QI) PROGRAM.

(a) EXTENSION.—Section 1902(a)(10)(E)(iv) of the Social Security Act (42 U.S.C. 1396a(a)(10)(E)(iv)) is amended by striking “December 2010” and inserting “December 2011”.

(b) EXTENDING TOTAL AMOUNT AVAILABLE FOR ALLOCATION.—Section 1933(g) of such Act (42 U.S.C. 1396u-3(g)) is amended—

(1) in paragraph (2)—

(A) by striking “and” at the end of subparagraph (M);

(B) in subparagraph (N), by striking the period at the end and inserting a semicolon; and

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

“(O) for the period that begins on January 1, 2011, and ends on September 30, 2011, the total allocation amount is \$720,000,000; and

“(P) for the period that begins on October 1, 2011, and ends on December 31, 2011, the total allocation amount is \$280,000,000.”; and

(2) in paragraph (3), in the matter preceding subparagraph (A), by striking “or (N)” and inserting “(N), or (P)”.

SEC. 111. EXTENSION OF TRANSITIONAL MEDICAL ASSISTANCE (TMA).

Sections 1902(e)(1)(B) and 1925(f) of the Social Security Act (42 U.S.C. 1396a(e)(1)(B), 1396r-6(f)) are each amended by striking “December 31, 2010” and inserting “December 31, 2011”.

SEC. 112. SPECIAL DIABETES PROGRAMS.

(1) SPECIAL DIABETES PROGRAMS FOR TYPE I DIABETES.—Section 330B(b)(2)(C) of the Public Health Service Act (42 U.S.C. 254c-2(b)(2)(C)) is amended by striking “2011” and inserting “2013”.

(2) SPECIAL DIABETES PROGRAMS FOR INDIVIDUALS.—Section 330C(c)(2)(C) of the Public Health Service Act (42 U.S.C. 254c-3(c)(2)(C)) is amended by striking “2011” and inserting “2013”.

TITLE II—OTHER PROVISIONS

SEC. 201. CLARIFICATION OF EFFECTIVE DATE OF PART B SPECIAL ENROLLMENT PERIOD FOR DISABLED TRICARE BENEFICIARIES.

Effective as if included in the enactment of Public Law 111-148, section 3110(a)(2) of such Act is amended to read as follows:

“(2) EFFECTIVE DATE.—The amendment made by paragraph (1) shall apply to elections made on and after the date of the enactment of this Act.”.

SEC. 202. REPEAL OF DELAY OF RUG-IV.

Effective as if included in the enactment of Public Law 111-148, section 10325 of such Act is repealed.

SEC. 203. CLARIFICATION FOR AFFILIATED HOSPITALS FOR DISTRIBUTION OF ADDITIONAL RESIDENCY POSITIONS.

Effective as if included in the enactment of section 5503(a) of Public Law 111-148, section 1886(h)(8) of the Social Security Act (42 U.S.C. 1395ww(h)(8)), as added by such sec-

tion 5503(a), is amended by adding at the end the following new subparagraph:

“(I) AFFILIATION.—The provisions of this paragraph shall be applied to hospitals which are members of the same affiliated group (as defined by the Secretary under paragraph (4)(H)(ii)) and the reference resident level for each such hospital shall be the reference resident level with respect to the cost reporting period that results in the smallest difference between the reference resident level and the otherwise applicable resident limit.”.

SEC. 204. CONTINUED INCLUSION OF ORPHAN DRUGS IN DEFINITION OF COVERED OUTPATIENT DRUGS WITH RESPECT TO CHILDREN'S HOSPITALS UNDER THE 340B DRUG DISCOUNT PROGRAM.

(a) DEFINITION OF COVERED OUTPATIENT DRUG.—

(1) AMENDMENT.—Subsection (e) of section 340B of the Public Health Service Act (42 U.S.C. 256b) is amended by striking “covered entities described in subparagraph (M)” and inserting “covered entities described in subparagraph (M) (other than a children's hospital described in subparagraph (M))”.

(2) EFFECTIVE DATE.—The amendment made by paragraph (1) shall take effect as if included in the enactment of section 2302 of the Health Care and Education Reconciliation Act of 2010 (Public Law 111-152).

(b) TECHNICAL AMENDMENT.—Subparagraph (B) of section 1927(a)(5) of the Social Security Act (42 U.S.C. 1396r-8(a)(5)) is amended by striking “and a children's hospital” and all that follows through the end of the subparagraph and inserting a period.

SEC. 205. MEDICAID AND CHIP TECHNICAL CORRECTIONS.

(a) REPEAL OF EXCLUSION OF CERTAIN INDIVIDUALS AND ENTITIES FROM MEDICAID.—Section 1902(a) of the Social Security Act (42 U.S.C. 1396a(a)) is amended by striking paragraph (78).

(b) INCOME LEVEL FOR CERTAIN CHILDREN UNDER MEDICAID.—Section 1902(l)(2)(C) of the Social Security Act (42 U.S.C. 1396a(l)(2)(C)) is amended by striking “133 percent” and inserting “100 percent (or, beginning January 1, 2014, 133 percent)”.

(c) CALCULATION AND PUBLICATION OF PAYMENT ERROR RATE MEASUREMENT FOR CERTAIN YEARS.—Section 601(b) of the Children's Health Insurance Program Reauthorization Act of 2009 (Public Law 111-3) is amended by adding at the end the following: “The Secretary is not required under this subsection to calculate or publish a national or a State-specific error rate for fiscal year 2009 or fiscal year 2010.”.

(d) CORRECTIONS TO EXCEPTIONS TO EXCLUSION OF CHILDREN OF CERTAIN EMPLOYEES.—Section 2110(b)(6) of the Social Security Act (42 U.S.C. 1397jj(b)(6)) is amended—

(1) in subparagraph (B)—

(A) by striking “PER PERSON” in the heading; and

(B) by striking “each employee” and inserting “employees”; and

(2) in subparagraph (C), by striking “, on a case-by-case basis.”.

(e) ELECTRONIC HEALTH RECORDS.—Effective as if included in the enactment of section 4201(a)(2) of the American Recovery and Reinvestment Act of 2009 (Public Law 111-5), section 1903(t) of the Social Security Act (42 U.S.C. 1396b(t)) is amended—

(1) in paragraph (3)(E), by striking “reduced by any payment that is made to such Medicaid provider from any other source (other than under this subsection or by a State or local government)” and inserting “reduced by the average payment the Secretary estimates will be made to such Medicaid providers (determined on a percentage or other basis for such classes or types of

providers as the Secretary may specify) from other sources (other than under this subsection, or by the Federal government or a State or local government)"; and

(2) in paragraph (6)(B), by inserting before the period the following: "and shall be determined to have met such responsibility to the extent that the payment to the Medicaid provider is not in excess of 85 percent of the net average allowable cost";

(f) CORRECTIONS OF DESIGNATIONS.—

(1) Section 1902 of the Social Security Act (42 U.S.C. 1396a) is amended—

(A) in subsection (a)(10), in the matter following subparagraph (G), by striking "and" before "(XVI) the medical" and by striking "(XVI) if" and inserting "(XVII) if";

(B) in subsection (a)(23), by striking "(ii)" and inserting "(kk)";

(C) in subsection (a)(77), by striking "(ii)" and inserting "(kk)";

(D) in subsection (ii)(2), as added by section 2303(a)(2) of Public Law 111-148, by striking "(XV)" and inserting "(XVI)"; and

(E) by redesignating subsection (ii), as added by section 6401(b)(1)(B) of Public Law 111-148, as subsection (kk) and transferring such subsection so as to appear after subsection (jj) of that section.

(2) Section 2107(e)(1) of the Social Security Act (42 U.S.C. 1397gg(e)(1)) is amended—

(A) in subparagraph (D), as added by section 6401(c) of Public Law 111-148, by striking "(ii)" and inserting "(kk)"; and

(B) by redesignating the subparagraph (N) of that section added by 2101(e) of Public Law 111-148 as subparagraph (O).

SEC. 206. FUNDING FOR CLAIMS REPROCESSING.

For purposes of carrying out the provisions of, and amendments made by, this Act that relate to title XVIII of the Social Security Act, and other provisions of, or relating to, such title that ensure appropriate payment of claims, there are appropriated to the Secretary of Health and Human Services for the Centers for Medicare & Medicaid Services Program Management Account, from amounts in the general fund of the Treasury not otherwise appropriated, \$200,000,000. Amounts appropriated under the preceding sentence shall be in addition to any other funds available for such purposes, shall remain available until expended, and shall not be used to implement changes to title XVIII of the Social Security Act made by Public Laws 111-148 and 111-152.

SEC. 207. REVISION TO THE MEDICARE IMPROVEMENT FUND.

Section 1898(b)(1)(B) of the Social Security Act (42 U.S.C. 1395iii(b)(1)(B)) is amended by striking "\$550,000,000" and inserting "\$275,000,000".

SEC. 208. LIMITATIONS ON AGGREGATE AMOUNT RECOVERED ON RECONCILIATION OF THE HEALTH INSURANCE TAX CREDIT AND THE ADVANCE OF THAT CREDIT.

(a) IN GENERAL.—So much of section 36B(f)(2)(B) of the Internal Revenue Code of 1986 as precedes clause (ii) thereof is amended to read as follows:

"(B) LIMITATION ON INCREASE.—

"(i) IN GENERAL.—In the case of a taxpayer whose household income is less than 500 percent of the poverty line for the size of the family involved for the taxable year, the amount of the increase under subparagraph (A) shall in no event exceed the applicable dollar amount determined in accordance with the following table (one-half of such amount in the case of a taxpayer whose tax is determined under section 1(c) for the taxable year):

"If the household income (expressed as a percent of poverty line) is:	The applicable dollar amount is:
Less than 200%	\$600

"If the household income (expressed as a percent of poverty line) is:	The applicable dollar amount is:
At least 200% but less than 250%	\$1,000
At least 250% but less than 300%	\$1,500
At least 300% but less than 350%	\$2,000
At least 350% but less than 400%	\$2,500
At least 400% but less than 450%	\$3,000
At least 450% but less than 500%	\$3,500

(b) CONFORMING AMENDMENT.—Section 36B(f)(2)(B)(ii) of such Code is amended by inserting "in the table contained" after "each of the dollar amounts".

(c) EFFECTIVE DATE.—The amendments made by this section shall apply to taxable years beginning after December 31, 2013.

SEC. 209. DETERMINATION OF BUDGETARY EFFECTS.

(a) IN GENERAL.—The budgetary effects of this Act, for the purpose of complying with the Statutory Pay-As-You-Go Act of 2010, shall be determined by reference to the latest statement titled "Budgetary Effects of PAYGO Legislation" for this Act, submitted for printing in the Congressional Record by the Chairman of the Senate Budget Committee, provided that such statement has been submitted prior to the vote on passage.

(b) EMERGENCY DESIGNATION FOR CONGRESSIONAL ENFORCEMENT.—In the House of Representatives, this Act, with the exception of section 101, is designated as an emergency for purposes of pay-as-you-go principles.

SA 4743. Mr. BENNET (for Mr. REID) proposed an amendment to the bill H.R. 4994, to extend certain expiring provisions of the Medicare and Medicaid programs, and for other purposes; as follows:

Amend the title so as to read: "An Act to extend certain expiring provisions of the Medicare and Medicaid programs, and for other purposes."

SA 4744. Mr. REID (for Mr. BINGAMAN (for himself, Mr. CRAPO, and Mr. KERRY)) proposed an 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; as follows:

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) ½ 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.—

(1) 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.—

(1) 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.—

(1) 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.—

(1) 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 (i) 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 tax-

able 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—
- “(II) 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

- “(i) 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.

SA 4745. Mr. REID (for Mr. CARPER) proposed an amendment to the bill S. 3167, to amend title 13 of the United States Code to provide for a 5-year term of office for the Director of the Census and to provide for authority and duties of the Director and Deputy Director of the Census, and for other purposes; as follows:

Beginning on page 5, strike line 7 and all that follows through page 6, line 23, and insert the following:

“(6) ADVISORY COMMITTEES.—

“(A) ADVISORY COMMITTEES GENERALLY.—

“(i) AUTHORITY TO ESTABLISH.—The Director may establish such advisory committees as the Director considers appropriate to provide advice with respect to any function of the Director.

“(ii) COMPENSATION AND EXPENSES.—Members of any advisory committee established under clause (i) shall serve without compensation, but shall be entitled to transportation expenses and per diem in lieu of subsistence in accordance with section 5703 of title 5.

“(B) TECHNOLOGY ADVISORY COMMITTEE.—

“(i) IN GENERAL.—Not later than 180 days after the date of the enactment of the Census Oversight Efficiency and Management Reform Act of 2010, the Director shall establish a technology advisory committee under subparagraph (A).

“(ii) MEMBERSHIP.—Members of the technology advisory committee shall be selected from the public, private, and academic sectors from among those who have experience in technologies and services relevant to the planning and execution of the census.

“(iii) DUTIES.—The technology advisory committee shall make recommendations to the Director and publish reports on the use of commercially available technologies and services to improve efficiencies and manage costs in the implementation of the census

and census-related activities, including pilot projects.

“(7) REGULATIONS.—The Director may, in consultation with the Secretary, prescribe such rules and regulations as the Director considers necessary or appropriate to carry out the functions of the Director.

“(8) DELEGATIONS, ETC.—The Director may assign duties, and delegate, or authorize successive redelegations of, authority to act and to render decisions, to such officers and employees of the Bureau as the Director may find necessary. Within the limitations of such assignments, delegations, or redelegations, all official acts and decisions of such officers and employees shall have the same force and effect as though performed or rendered by the Director. An assignment, delegation, or redelegation under this paragraph may not take effect before the date on which notice of such assignment, delegation, or redelegation (as the case may be) is published in the Federal Register.

AUTHORITY FOR COMMITTEES TO MEET

COMMITTEE ON BANKING, HOUSING, AND URBAN AFFAIRS AND THE COMMITTEE ON HOMELAND SECURITY AND GOVERNMENTAL AFFAIRS

Mrs. McCASKILL. Mr. President, I ask unanimous consent that the Committee on Banking, Housing, and Urban Affairs and the Committee on Homeland Security and Governmental Affairs be authorized to meet during the session of the Senate on December 8, 2010, at 3:30 p.m., to conduct a joint hearing entitled “Examining the Efficiency, Stability, and Integrity of the U.S. Capital Markets.”

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

COMMITTEE ON THE JUDICIARY

Mrs. McCASKILL. Mr. President, I ask unanimous consent that the Committee on the Judiciary be authorized to meet during the session of the Senate on December 8, 2010, at 10 a.m. in SD-226 of the Dirksen Senate Office Building, to conduct an executive business meeting.

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

ORDER OF PROCEDURE

Mr. REID. Mr. President, I ask unanimous consent that the cloture vote on the motion to proceed to Calendar No. 443, S. 3992, occur at 11 a.m. tomorrow, December 9, with the time following any leader time until 11 a.m. equally divided and controlled between the leaders or their designees; that following any leader statement, Senator DURBIN be recognized for up to 10 minutes, and the Senate then resume consideration of the motion to proceed to S. 3992; that during Thursday’s session, Senator BENNETT be recognized to speak for up to 20 minutes for his farewell speech and also Senator DORGAN be recognized at 2 p.m. for up to 20 minutes for his farewell speech and that Senator BUNNING be recognized for up to 30 minutes for his farewell speech.

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

REGULATED INVESTMENT COMPANY MODERNIZATION ACT OF 2010

Mr. REID. I ask unanimous consent that the Senate proceed to the consideration of Calendar No. 640, H.R. 4337.

The PRESIDING OFFICER. The clerk will report the bill by title.

The legislative clerk read as follows:

A 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.

There being no objection, the Senate proceeded to consider the bill.

Mr. REID. I ask unanimous consent that the Bingaman substitute amendment which is at the desk be agreed to; the bill, as amended, be read three times, passed; the motion to reconsider be laid on the table; and any statements relating to this matter be printed in the RECORD.

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

The amendment (No. 4744) was agreed to.

(The amendment is printed in today’s RECORD under “Text of Amendments.”)

The amendment was ordered to be engrossed and the bill read a third time.

The bill (H.R. 4337), as amended, was read the third time and passed.

CENSUS OVERSIGHT EFFICIENCY AND MANAGEMENT REFORM ACT OF 2010

Mr. REID. Mr. President, I ask unanimous consent to proceed to Calendar No. 647, S. 3167.

The PRESIDING OFFICER. The clerk will report the bill by title.

The legislative clerk read as follows:

A bill (S. 3167) to amend title 13 of the United States Code to provide for a 5-year term of office for the Director of the Census and to provide for the authority and duties of the Director and Deputy Director of the Census, and for other purposes.

There being no objection, the Senate proceeded to consider the bill, which had been reported from the Committee on Homeland Security and Governmental Affairs, with amendments, as follows:

(The parts of the bill intended to be stricken are shown in boldface brackets and the parts of the bill intended to be inserted are shown in *Italic*.)

S. 3167

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 “Census Oversight Efficiency and Management Reform Act of 2010”.

SEC. 2. AUTHORITY AND DUTIES OF DIRECTOR AND DEPUTY DIRECTOR OF THE CENSUS.

(a) IN GENERAL.—Section 21 of the title 13, United States Code, is amended to read as follows:

“§ 21. Director of the Census; Deputy Director of the Census; authority and duties

“(a) DEFINITIONS.—As used in this section—

“(1) ‘Director’ means the Director of the Census;