

103<sup>D</sup> CONGRESS  
2<sup>D</sup> SESSION

# H. R. 5278

To provide for the creation of jobs in America, and for other purposes.

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## IN THE HOUSE OF REPRESENTATIVES

OCTOBER 7, 1994

Mr. SANDERS (for himself, Ms. VELÁZQUEZ, Mr. HINCHEY, Mr. OWENS, Mr. BONIOR, and Mr. BROWN of California) introduced the following bill; which was referred jointly to the Committees on Public Works and Transportation, Energy and Commerce, Armed Services, Appropriations, Banking, Finance and Urban Affairs, Education and Labor, Natural Resources, and Ways and Means

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## A BILL

To provide for the creation of jobs in America, and for other purposes.

1 *Be it enacted by the Senate and House of Representa-*  
2 *tives of the United States of America in Congress assembled,*

### 3 **SECTION 1. SHORT TITLE.**

4 (a) SHORT TITLE.—This Act may be cited as the  
5 “The Jobs and Investment Act of 1994”.

6 (b) TABLE OF CONTENTS.—

Sec. 1. Short title.

#### TITLE I—PHYSICAL CAPITAL INVESTMENT

##### Subtitle A—Highways and Mass Transit

Sec. 1001. Highway programs.

Sec. 1002. Federal transit act programs.

Subtitle B—Airports

Sec. 1101. Airport improvement program.

Subtitle C—Railroads

Sec. 1201. Local rail freight assistance.

Subtitle D—Water and Sewage Treatment Facilities

Sec. 1301. State water pollution control revolving funds.

Subtitle E—Environmental Restoration

Sec. 1401. Environmental restoration at facilities of the department of defense and department of energy.

Subtitle F—Community Development Assistance

CHAPTER 1—COMMUNITY DEVELOPMENT BLOCK GRANTS

Sec. 1501. Authorization of appropriations.

CHAPTER 2—COMMUNITY BANKING AND ECONOMIC EMPOWERMENT ACT

Sec. 1511. Short title.

Sec. 1512. Authority of secretary.

Sec. 1513. Eligible community development lenders.

Sec. 1514. Capital and operating assistance for community development lenders.

Sec. 1515. Requirements of assisted community development lenders.

Sec. 1516. Application and approval for assistance.

Sec. 1517. Assistance agreements.

Sec. 1518. Books, records, and audits.

Sec. 1519. Technical assistance for organizing and operating community development lenders.

Sec. 1520. Relationship to community reinvestment act of 1977.

Sec. 1521. Reports to congress.

Sec. 1522. Regulations.

Sec. 1523. Definitions.

Sec. 1524. Authorization of appropriations.

Subtitle G—Education Infrastructure

Sec. 1601. Short title.

Sec. 1602. Findings.

Sec. 1603. Purpose.

Sec. 1604. Definitions.

Sec. 1605. Improvement of public elementary and secondary education facilities program authorized.

Sec. 1606. Applications.

Sec. 1607. Authorized activities.

Sec. 1608. Requirements.

Sec. 1609. Contracts.

Sec. 1610. Technical assistance.

Sec. 1611. Federal assessment.

### 3

#### Subtitle H—Renewable Energy and Energy Efficiency

- Sec. 1701. Renewable energy.
- Sec. 1702. Energy efficiency.

#### TITLE II—HUMAN CAPITAL INVESTMENT

##### Subtitle A—Job Training

- Sec. 2001. Human capital investments in job training.

##### Subtitle B—Education

- Sec. 2101. Educational personnel.

##### Subtitle C—Head Start

- Sec. 2201. Amendments to the Head Start act.

##### Subtitle D—Programs Under Public Health Service Act

#### CHAPTER 1—FUNDING INITIATIVE FOR PROGRAMS PROVIDING HEALTH SERVICES

- Sec. 2301. Funding initiative.

#### CHAPTER 2—COMMUNITY HEALTH ADVISOR PROGRAM

- Sec. 2311. Short title.
- Sec. 2312. Findings.
- Sec. 2313. Formula grants regarding community health advisor programs.
- Sec. 2314. Requirements regarding community health advisor programs.
- Sec. 2315. Additional agreements.
- Sec. 2316. Application for assistance; State plan.
- Sec. 2317. Determination of amount of allotment.
- Sec. 2318. Quality assurance; cost-effectiveness.
- Sec. 2319. Evaluations; technical assistance.
- Sec. 2320. Rule of construction regarding programs of indian health service.
- Sec. 2321. Definitions.
- Sec. 2322. Funding.

#### TITLE III—AMENDMENTS OF INTERNAL REVENUE CODE OF 1986

##### Subtitle A—Reduction in Employee Payroll Taxes; Credit for First-Time Homebuyers

- Sec. 3001. Credit for portion of social security taxes.
- Sec. 3002. Credit for purchase of principal residence by first-time homebuyer.

##### Subtitle B—Revenue Increases

- Sec. 3101. Stock transfer excise tax.
- Sec. 3102. Repeal of preferential rate of tax on capital gains.
- Sec. 3103. Carryover basis at death.
- Sec. 3104. Miscellaneous amendments related to carryover basis.

#### TITLE IV—APPROPRIATIONS

- Sec. 4001. Appropriations.
- Sec. 4002. Designation as emergency requirement.

1       **TITLE I—PHYSICAL CAPITAL**  
2                   **INVESTMENT**  
3       **Subtitle A—Highways and Mass**  
4                   **Transit**

5   **SEC. 1001. HIGHWAY PROGRAMS.**

6       (a) Section 1003 of the Intermodal Surface Trans-  
7   portation Efficiency Act of 1991 (105 Stat. 1918–1922)  
8   is amended by adding at the end the following:

9       “(d) ADDITIONAL FUNDING FROM HTF.—In addi-  
10   tion to amounts made available by subsection (a), for the  
11   purpose of carrying out the provisions of title 23, United  
12   States Code, the following sums are authorized to be ap-  
13   propriated out of the Highway Trust Fund (other than  
14   the Mass Transit Account):

15       “(1) INTERSTATE MAINTENANCE PROGRAM.—  
16       For the interstate maintenance program  
17       \$3,500,000,000 for each of fiscal years 1995 and  
18       1996.

19       “(2) SURFACE TRANSPORTATION PROGRAM.—  
20       For the surface transportation program  
21       \$3,000,000,000 for each of fiscal years 1995 and  
22       1996.

23       “(3) BRIDGE PROGRAM.—For the bridge pro-  
24       gram \$3,500,000,000 for each of fiscal years 1995  
25       and 1996.”.

1 (b) NON-APPLICABILITY OF OBLIGATION CEILING.—  
2 Funds authorized by the amendment made by subsection  
3 (a) shall not be subject to any obligation limitation.

4 **SEC. 1002. FEDERAL TRANSIT ACT PROGRAMS.**

5 (a) AUTHORIZATION OF APPROPRIATIONS.—Section  
6 21 of the Federal Transit Act (49 U.S.C. App. 1617) is  
7 amended by adding at the end the following:

8 “(h) ADDITIONAL FUNDING.—

9 “(1) FORMULA GRANT PROGRAMS.—

10 “(A) FROM THE TRUST FUND.—There  
11 shall be available from the Mass Transit Ac-  
12 count of the Highway Trust Fund to carry out  
13 section 18 of this Act \$125,000,000 for each of  
14 fiscal years 1995 and 1996. Such sums shall re-  
15 main available until expended.

16 “(B) FROM GENERAL FUNDS.—There are  
17 authorized to be appropriated to carry out sec-  
18 tion 9 of this Act \$825,000,000 for each of fis-  
19 cal years 1995 and 1996. Such sums shall re-  
20 main available until expended.

21 “(2) SECTION 3 DISCRETIONARY AND FORMULA  
22 GRANTS.—There shall be available from the Mass  
23 Transit Account of the Highway Trust Fund only to  
24 carry out section 3 of this Act \$650,000,000 for

1 each of fiscal years 1995 and 1996. Such sums shall  
2 remain available until expended.”.

3 (b) CONTRACT AUTHORITY.—Section 21(b)(4) of  
4 such Act is amended—

5 (1) by striking “or (b)(3)” and inserting  
6 “(b)(3), (h)(1)(A), or (h)(2)”;

7 (2) by striking “or (b)(2)” and inserting “,  
8 (b)(2), or (h)(1)(B)”.

9 (c) NON-APPLICABILITY OF OBLIGATION CEILING.—  
10 Funds authorized by the amendment made by subsection  
11 (a) shall not be subject to any obligation limitation.

## 12 **Subtitle B—Airports**

### 13 **SEC. 1101. AIRPORT IMPROVEMENT PROGRAM.**

14 (a) FUNDING.—Section 505(a) of the Airport and  
15 Airway Improvement Act of 1982 (49 U.S.C. App.  
16 2204(a)) is amended by inserting after the second sen-  
17 tence the following: “In addition to amounts made avail-  
18 able by the preceding sentence, there shall be available to  
19 the Secretary for such grants (including grants for airport  
20 noise compatibility planning under such Act) and for car-  
21 rying out noise compatibility programs or parts thereof  
22 under such section 104(c) \$1,000,000,000 for each of fis-  
23 cal years 1995 and 1996.”.

1 (b) OBLIGATION AUTHORITY.—Section 505(b) of  
2 such Act is amended by striking “1993” and inserting  
3 “1996”.

## 4 **Subtitle C—Railroads**

### 5 **SEC. 1201. LOCAL RAIL FREIGHT ASSISTANCE.**

6 Section 5(q) of the Department of Transportation  
7 Act (49 U.S.C. App. 1654(q)) is amended—

8 (1) by striking “and \$30,000,000 for fiscal year  
9 1994” and inserting in lieu thereof “\$30,000,000  
10 for fiscal year 1994, \$1,000,000,000 for fiscal year  
11 1995, and \$1,000,000,000 for fiscal year 1996”;  
12 and

13 (2) by striking “after September 30, 1994” and  
14 inserting in lieu thereof “after September 30,  
15 1996”.

## 16 **Subtitle D—Water and Sewage** 17 **Treatment Facilities**

### 18 **SEC. 1301. STATE WATER POLLUTION CONTROL REVOLV-** 19 **ING FUNDS.**

20 Section 607 of the Federal Water Pollution Control  
21 Act (33 U.S.C. 1387) is amended—

22 (1) by striking “and” at the end of paragraph  
23 (4);

24 (2) by striking the period at the end of para-  
25 graph (5) and inserting a semicolon; and

(3) by adding at the end the following:

“(6) \$4,000,000,000 for fiscal year 1995; and

“(7) \$4,000,000,000 for fiscal year 1996.”.

## **Subtitle E—Environmental Restoration**

### **SEC. 1401. ENVIRONMENTAL RESTORATION AT FACILITIES OF THE DEPARTMENT OF DEFENSE AND DE- PARTMENT OF ENERGY.**

(a) AUTHORIZATION OF APPROPRIATIONS.—

(1) DEPARTMENT OF DEFENSE.—There is hereby authorized to be appropriated to the Secretary of Defense for each of fiscal years 1995 and 1996 for environmental restoration the following:

(A) \$1,000,000,000, for deposit into the Defense Environmental Restoration Account established in section 2703 of title 10, United States Code.

(B) \$1,000,000,000, for deposit into the Department of Defense Base Closure Account 1990 established in section 2906(a) of the National Defense Authorization Act for Fiscal Year 1991 (Public Law 101–510; 10 U.S.C. 2687 note), of which—

(i) \$500,000,000 shall be used to carry out environmental restoration activi-



1           ties at military installations selected in  
2           1993 for closure or realignment under the  
3           Defense Base Closure and Realignment  
4           Act of 1990 (part A of title XXIX of Pub-  
5           lic Law 101–510; 10 U.S.C. 2687 note);  
6           and

7           (ii) \$500,000,000 shall be used to  
8           carry out environmental restoration activi-  
9           ties at military installations selected in  
10          1995 for closure or realignment under  
11          such Act.

12          (2) DEPARTMENT OF ENERGY.—There is ap-  
13          propriated to the Secretary of Energy for each of  
14          fiscal years 1995 and 1996 for environmental res-  
15          toration and waste management at defense nuclear  
16          facilities the following:

17                (A) \$1,000,000,000, for environmental res-  
18                toration.

19                (B) \$750,000,000, for waste management.

20                (C) \$250,000,000, for corrective activities.

21          (b) APPROPRIATIONS FOR FISCAL YEAR 1995.—The  
22          following sums are appropriated, out of any money in the  
23          Treasury not otherwise appropriated, for the fiscal year  
24          ending September 30, 1995, to implement the provisions  
25          of this Act, namely:

1 DEPARTMENT OF DEFENSE  
2 OPERATION AND MAINTENANCE  
3 ENVIRONMENTAL RESTORATION, DEFENSE

4 For the Department of Defense, for deposit into the  
5 Defense Environmental Restoration Account established  
6 in section 2703 of title 10, United States Code,  
7 \$1,000,000,000, to remain available until transferred.

8 MILITARY CONSTRUCTION

9 BASE REALIGNMENT AND CLOSURE ACCOUNT, PART II

10 For deposit into the Department of Defense Closure  
11 Account 1990 established by section 2906(a) of the Na-  
12 tional Defense Authorization Act for Fiscal Year 1991  
13 (Public Law 101-510; 10 U.S.C. 2687 note),  
14 \$500,000,000, to be available solely for environmental res-  
15 toration and to remain available until expended.

16 BASE REALIGNMENT AND CLOSURE ACCOUNT, PART III

17 For deposit into the Department of Defense Closure  
18 Account 1990 established by section 2906(a) of the Na-  
19 tional Defense Authorization Act for Fiscal Year 1991  
20 (Public Law 101-510; 10 U.S.C. 2687 note),  
21 \$500,000,000, to be available solely for environmental res-  
22 toration and to remain available until expended.

1 DEPARTMENT OF ENERGY  
2 DEFENSE ENVIRONMENTAL RESTORATION AND WASTE  
3 MANAGEMENT

4 For Department of Energy expenses necessary for  
5 atomic energy defense environmental restoration and  
6 waste management activities, \$2,000,000,000, to remain  
7 available until expended: *Provided*, That of the funds ap-  
8 propriated herein, \$1,000,000,000 shall be available for  
9 environmental restoration, \$750,000,000 shall be available  
10 for waste management, and \$250,000,000 shall be avail-  
11 able for corrective activities.

12 (c) APPROPRIATIONS FOR FISCAL YEAR 1996.—The  
13 following sums are appropriated, out of any money in the  
14 Treasury not otherwise appropriated, for the fiscal year  
15 ending September 30, 1996, to implement the provisions  
16 of this Act, namely:

17 DEPARTMENT OF DEFENSE  
18 OPERATION AND MAINTENANCE  
19 ENVIRONMENTAL RESTORATION, DEFENSE

20 For the Department of Defense, for deposit into the  
21 Defense Environmental Restoration Account established  
22 in section 2703 of title 10, United States Code,  
23 \$1,000,000,000, to remain available until transferred.

## 1 MILITARY CONSTRUCTION

## 2 BASE REALIGNMENT AND CLOSURE ACCOUNT, PART II

3 For deposit into the Department of Defense Closure  
4 Account 1990 established by section 2906(a) of the Na-  
5 tional Defense Authorization Act for Fiscal Year 1991  
6 (Public Law 101-510; 10 U.S.C. 2687 note),  
7 \$500,000,000, to be available solely for environmental res-  
8 toration and to remain available until expended.

## 9 BASE REALIGNMENT AND CLOSURE ACCOUNT, PART III

10 For deposit into the Department of Defense Closure  
11 Account 1990 established by section 2906(a) of the Na-  
12 tional Defense Authorization Act for Fiscal Year 1991  
13 (Public Law 101-510; 10 U.S.C. 2687 note),  
14 \$500,000,000, to be available solely for environmental res-  
15 toration and to remain available until expended.

## 16 DEPARTMENT OF ENERGY

## 17 DEFENSE ENVIRONMENTAL RESTORATION AND WASTE

## 18 MANAGEMENT

19 For Department of Energy expenses necessary for  
20 atomic energy defense environmental restoration and  
21 waste management activities, \$2,000,000,000, to remain  
22 available until expended: *Provided*, That of the funds ap-  
23 propriated herein, \$1,000,000,000 shall be available for  
24 environmental restoration, \$750,000,000 shall be available  
25 for waste management, and \$250,000,000 shall be avail-  
26 able for corrective activities.

1 (d) DESIGNATION AS EMERGENCY REQUIREMENT.—  
 2 The entire amount appropriated under this section is des-  
 3 ignated by Congress as an emergency requirement pursu-  
 4 ant to section 251(b)(2)(D)(i) of the Balanced Budget and  
 5 Emergency Deficit Control Act of 1985.

6 **Subtitle F—Community**  
 7 **Development Assistance**

8 **CHAPTER 1—COMMUNITY DEVELOPMENT**  
 9 **BLOCK GRANTS**

10 **SEC. 1501. AUTHORIZATION OF APPROPRIATIONS.**

11 For assistance under section 106 of the Housing and  
 12 Community Development Act of 1974, there is authorized  
 13 to be appropriated, in addition to any amounts authorized  
 14 under section 103 of such Act, \$2,000,000,000 for fiscal  
 15 year 1995 and \$2,000,000,000 for fiscal year 1996.

16 **CHAPTER 2—COMMUNITY BANKING AND**  
 17 **ECONOMIC EMPOWERMENT ACT**

18 **SEC. 1511. SHORT TITLE.**

19 This chapter may be cited as the “Community Bank-  
 20 ing and Economic Empowerment Act”.

21 **SEC. 1512. AUTHORITY OF SECRETARY.**

22 (a) IN GENERAL.—To make credit and credit-related  
 23 services available to low-income families and others not  
 24 adequately served by traditional lending institutions and  
 25 promote community development, economic development,

1 and revitalization of low-income neighborhoods, the Sec-  
 2 retary of Housing and Urban Development shall provide,  
 3 to the extent amounts are provided in appropriation  
 4 Acts—

5           (1) assistance under section 1514 to community  
 6 development lenders and other eligible entities that  
 7 have submitted applications under section 1516 that  
 8 have been approved by the Secretary and have en-  
 9 tered into agreements with the Secretary under sec-  
 10 tion 1517; and

11           (2) technical assistance under section 1519 to  
 12 assist in organizing and operating community devel-  
 13 opment lenders.

14           (b) CONSULTATION.—The Secretary of Housing and  
 15 Urban Development shall consult with the Secretary of the  
 16 Treasury in developing, implementing, and carrying out  
 17 this chapter, and in providing assistance to community de-  
 18 velopment lenders under section 1514.

19 **SEC. 1513. ELIGIBLE COMMUNITY DEVELOPMENT LEND-**  
 20 **ERS.**

21           (a) IN GENERAL.—Applications for assistance under  
 22 section 1514 may be submitted only by the following enti-  
 23 ties:

24           (1) COMMUNITY DEVELOPMENT LENDERS.—  
 25 Any corporation, partnership, organization, agency,

1 person, or other entity (which may include for-profit  
2 and nonprofit entities, community development cor-  
3 porations, microenterprise organizations, community  
4 organizations, and other entities and persons) that—

5 (A) is organized for the purposes described  
6 in subsection (b); and

7 (B) is not a depository institution (as such  
8 term is defined in section 3(c) of the Federal  
9 Deposit Insurance Act) or a credit union, or an  
10 affiliate or subsidiary of a depository institution  
11 or credit union (including community develop-  
12 ment credit unions, savings and loan associa-  
13 tions, and other depository institutions).

14 (2) ELIGIBLE ENTITIES ESTABLISHING COMMU-  
15 NITY DEVELOPMENT LENDERS.—Any corporation,  
16 partnership, organization, agency, person, or other  
17 entity that—

18 (A) is engaged in organizing or establish-  
19 ing a community development financial institu-  
20 tion; and

21 (B) is not a depository institution (as such  
22 term is defined in section 3(c) of the Federal  
23 Deposit Insurance Act) or a credit union, or an  
24 affiliate or subsidiary of a depository institution  
25 or credit union (including community develop-

1           ment credit unions, savings and loan associa-  
2           tions, and other depository institutions).

3           (b) PURPOSE.—To be eligible to receive assistance  
4 under section 1514, a community development lender ap-  
5 plying for such assistance (or to be established by the eligi-  
6 ble entity applying for such assistance) shall have among  
7 its principal purposes making credit and credit-related  
8 services available to low-income families and in low-income  
9 neighborhoods and promoting the development and revital-  
10 ization of low-income neighborhoods. The community de-  
11 velopment lender shall carry out such purpose by making  
12 loans to individuals, families, businesses, organizations,  
13 and other entities and conducting such other activities and  
14 services relating to making loans (such as loan counseling  
15 and servicing) as the lender considers appropriate. Such  
16 loans may include mortgage loans, loans for housing devel-  
17 opment, rehabilitation, and weatherization, business devel-  
18 opment and assistance loans, personal loans, operating  
19 loans, construction loans, loans for community and  
20 economic development activities, and other repayable  
21 assistance.

22           (c) GOVERNANCE.—To be eligible to receive assist-  
23 ance under section 1514, a community development lender  
24 applying for such assistance (or to be established by the



1 eligible entity applying for such assistance) shall be gov-  
2 erned by a board of directors that—

3 (1) is solely responsible for determining policy  
4 for the community development lender with respect  
5 to management and operations, lending activities,  
6 loan standards and implementation, employment,  
7 asset management, and any other issues; and

8 (2) includes among its members a significant  
9 number of members who are individuals meeting the  
10 requirements of any of subparagraphs (A) through  
11 (D), who shall include—

12 (A) individuals who are members of low-in-  
13 come families;

14 (B) individuals who are residents of the  
15 low-income neighborhood served by the lender;

16 (C) individuals who are experienced in pro-  
17 viding financial assistance or financial advice to  
18 low-income individuals or residents, businesses,  
19 or organizations in low-income neighborhoods;  
20 and

21 (D) individuals who have significant expe-  
22 rience in serving the low-income neighborhood  
23 served by the lender, the community in which  
24 such neighborhood is located, or any other low-  
25 income neighborhood.

1 **SEC. 1514. CAPITAL AND OPERATING ASSISTANCE FOR**  
2 **COMMUNITY DEVELOPMENT LENDERS.**

3 (a) **AUTHORITY.**—The Secretary may provide assist-  
4 ance under this section to community development lenders  
5 and eligible entities establishing community development  
6 lenders, for the purposes under subsection (b).

7 (b) **PURPOSES.**—Assistance under this section may  
8 be used only as provided in the assistance agreement  
9 under section 1517 for the community development lender  
10 or eligible entity and only for the following purposes:

11 (1) **FEASIBILITY STUDIES.**—To carry out stud-  
12 ies to determine the feasibility of establishing a pro-  
13 gram to make loans for the purposes under section  
14 1513(b) within a particular low-income neighbor-  
15 hood.

16 (2) **CAPITAL ASSISTANCE.**—To provide capital  
17 for the community development lender—

18 (A) to establish or supplement amounts  
19 available for loans for the purposes under sec-  
20 tion 1513(b);

21 (B) to provide credit enhancement for  
22 loans for the purposes under section 1513(b);

23 (C) to establish or supplement capital re-  
24 serves of the lender; and

25 (D) to carry out other activities, as the  
26 Secretary may provide.

1           (3) OPERATING COSTS.—To provide amounts to  
2       cover operating costs of the community development  
3       lender, including marketing and management activi-  
4       ties, business planning and counseling services, staff  
5       training, planning costs, costs relating to establish-  
6       ing the community development lender or changing  
7       the activities or management of a financial institu-  
8       tion or other organization or entity to include com-  
9       munity development lending activities.

10       (c) OTHER TERMS.—The Secretary may establish  
11   any terms and conditions of assistance under this section  
12   that the Secretary considers appropriate to carry out the  
13   purposes of this subtitle, including limitations on the  
14   amount of assistance provided to any community develop-  
15   ment lender or eligible entity, limitations on the number  
16   of applications that may be approved for any single com-  
17   munity development lender or eligible entity, and require-  
18   ments and limitations for the amounts and timing of the  
19   disbursement of assistance.

20       (d) NON-FEDERAL FUNDS REQUIREMENT.—The  
21   Secretary may not provide assistance under this section  
22   to any eligible entity for the establishment of a community  
23   development lender in an amount in excess of 9 times the  
24   amount that the entity certifies, as the Secretary shall re-  
25   quire, that the entity will contribute from non-Federal

1 sources to the community development lender established  
2 with amounts provided under this section.

3 **SEC. 1515. REQUIREMENTS OF ASSISTED COMMUNITY DE-**  
4 **VELOPMENT LENDERS.**

5 (a) PROHIBITION OF DIRECT ASSISTANCE.—A com-  
6 munity development lender that receives assistance under  
7 section 1514 (or established by an eligible entity that re-  
8 ceives such assistance) may not provide amounts to any  
9 person from assistance received under such section in the  
10 form of a grant or nonrepayable advance or on any other  
11 nonrepayable basis, during the assistance agreement term  
12 established by the assistance agreement for the lender  
13 under section 1517.

14 (b) LOW-INCOME FAMILY REQUIREMENTS.—

15 (1) REQUIREMENT.—In each calendar year dur-  
16 ing the applicable assistance agreement term, a com-  
17 munity development lender that receives assistance  
18 under section 1514 (or established by an eligible en-  
19 tity that receives such assistance) shall make loans  
20 under section 1513(b) benefiting low-income fami-  
21 lies—

22 (A) in a number that is not less than 50  
23 percent of the total number of loans made by  
24 the lender during such year; and

1 (B) in an amount such that the sum of the  
2 principal amounts of such loans is not less than  
3 50 percent of the sum of the principal amounts  
4 of all loans made by the lender during such  
5 year.

6 (2) DETERMINATION OF BENEFIT.—

7 (A) DIRECT BENEFIT.—A loan shall be  
8 considered to benefit a low-income family for  
9 purposes of paragraph (1) if the loan—

10 (i) is made to such a family;

11 (ii) is made for an activity that is car-  
12 ried out in a low-income neighborhood and  
13 for providing services for such families;

14 (iii) is made for providing facilities de-  
15 signed for the use predominantly by such  
16 families; or

17 (iv) is made for an activity that in-  
18 volves employment of persons, a majority  
19 of whom are members of such families.

20 (B) ACTIVITIES OF GENERAL BENEFIT.—

21 In any case in which an activity assisted with  
22 a loan is designed to serve an area generally  
23 and is clearly designed to meet identified needs  
24 of low-income families in such area, such loan  
25 or activity shall be considered to benefit low-in-

1           come families for purposes of paragraph (1) to  
2           the extent that the area is a low-income neigh-  
3           borhood.

4           (C) HOUSING.—A loan for the acquisition,  
5           construction, or rehabilitation of property to  
6           provide housing shall be considered to benefit  
7           low-income families for purposes of paragraph  
8           (1) only to the extent that such housing, upon  
9           completion, is occupied by low-income families.

10       (c) LOW-INCOME NEIGHBORHOOD REQUIRE-  
11 MENTS.—In each calendar year during the applicable as-  
12 sistance agreement term, a community development lender  
13 that receives assistance under section 1514 (or established  
14 by an eligible entity that receives such assistance) shall  
15 make loans under section 1513(b) for facilities or activities  
16 that serve the low-income neighborhood served by the  
17 lender—

18           (1) in a number that is not less than 50 percent  
19           of the total number of loans made by the lender dur-  
20           ing such year; and

21           (2) in an amount such that the sum of the prin-  
22           cipal amounts of such loans is not less than 50 per-  
23           cent of the sum of the principal amounts of all loans  
24           made by the lender during such year.

1 (d) EMPLOYMENT PLAN.—During the applicable as-  
2 sistance agreement term, a community development lender  
3 that receives assistance under section 1514 (or established  
4 by an eligible entity that receives such assistance) shall  
5 establish and comply with a written employment plan  
6 under this subsection. The Secretary shall, by regulation,  
7 require that each employment plan under this subsection  
8 set forth a policy for hiring employees of the community  
9 development lender that—

10 (1) furthers the purposes of this subtitle by  
11 providing employment opportunities in the neighbor-  
12 hood served by the community development lender  
13 for residents of the neighborhood; and

14 (2) gives preference in hiring to—

15 (A) individuals who are members of low-in-  
16 come families residing in the neighborhood  
17 served by the community development lender;  
18 and

19 (B) individuals who were formerly em-  
20 ployed in positions at any office or branch of a  
21 depository institution, credit union, or other fi-  
22 nancial institution that is or was located in the  
23 neighborhood served by the community develop-  
24 ment lender and who are not employed in such  
25 positions because of the closing or reorganiza-

1           tion of the office, branch, or institution, or be-  
2           cause of the elimination of such positions or  
3           any decrease in compensation paid for such  
4           positions.

5           (e) RESERVE REQUIREMENTS.—

6           (1) MAINTENANCE OF RESERVE.—During the  
7           applicable assistance agreement term, a community  
8           development lender that receives assistance under  
9           section 1514 (or established by an eligible entity  
10          that receives such assistance) shall maintain, at all  
11          times, a reserve against losses on loans and any  
12          other losses in the amount determined under para-  
13          graph (2).

14          (2) ESTABLISHMENT OF REQUIREMENTS.—The  
15          Secretary shall, by regulation, establish reserve  
16          amounts to be maintained by community develop-  
17          ment lenders taking into consideration the purposes  
18          of such lenders, the nature of lending engaged in by  
19          such lenders, the size and amount of business of  
20          such lenders, the need for such lending in the com-  
21          munities and low-income neighborhoods served by  
22          such lenders, and any other factors the Secretary  
23          considers appropriate.

24          (3) REPLENISHMENT.—If at any time during  
25          the applicable assistance agreement term, the



1       amount reserved by a community development lender  
2       under this subsection is less than the amount re-  
3       quired to be reserved under the regulations issued  
4       pursuant to paragraph (2), the Secretary may take  
5       such actions as the Secretary may, by regulation,  
6       provide that are consistent with the purposes of this  
7       subtitle, including withholding any assistance  
8       amounts to be provided to the lender under the  
9       agreement under section 1517 but not yet disbursed  
10      and requiring the lender to replenish the reserve by  
11      regular contributions in the amounts determined by  
12      the Secretary.

13      (f) STAFF.—During the applicable assistance agree-  
14      ment term, a community development lender that receives  
15      assistance under section 1514 (or established by an eligi-  
16      ble entity that receives assistance under such section) shall  
17      maintain personnel qualified and capable of conducting  
18      the activities described under section 1513(b) and the  
19      other activities of the lender relating to community devel-  
20      opment, as the Secretary may require.

21      **SEC. 1516. APPLICATION AND APPROVAL FOR ASSISTANCE.**

22      (a) REQUIREMENT.—The Secretary may provide as-  
23      sistance under section 1514 only to community develop-  
24      ment lenders and eligible entities establishing community  
25      development lenders that have submitted applications

1 under this section to the Secretary that have been ap-  
2 proved under subsection (d).

3 (b) TIME AND MANNER.—The Secretary shall estab-  
4 lish requirements regarding the submission of applications  
5 under this section, which shall include requirements for  
6 the time and manner of submission.

7 (c) CONTENTS.—An application under this section  
8 shall contain the following information:

9 (1) COMMUNITY DEVELOPMENT LENDER.—A  
10 description of—

11 (A) the existing community development fi-  
12 nancial institution to be assisted; or

13 (B) in the case of an eligible entity submit-  
14 ting the application for assistance, the commu-  
15 nity development lender to be established by the  
16 eligible entity, the existing relationship between  
17 the eligible entity and the community develop-  
18 ment lender to be established, and any continu-  
19 ing relationship that will exist between the  
20 eligible entity and the community development  
21 lender.

22 (2) LOW-INCOME NEIGHBORHOOD SERVED.—  
23 Identification and a description of the low-income  
24 neighborhood in which the community development  
25 lender is, or is to be, located and conduct its prin-

1        cipal operations and a description of the existing  
2        availability of credit and credit-related services in  
3        such neighborhood.

4            (3) TYPES OF BUSINESS.—A description of the  
5        types of business engaged in, or to be engaged in,  
6        by the community development lender and of the  
7        need for such business in the neighborhood served  
8        by the community development lender.

9            (4) BOARD OF DIRECTORS AND OPERATION.—  
10       In the case of an application by an existing commu-  
11       nity development lender, a description of the board  
12       of directors of the community development lender  
13       and the structure of the management and operations  
14       of the community development lender.

15           (5) FINANCIAL EXPERTISE.—In the case of an  
16       application by an existing community development  
17       lender, a description of any lending or financial ex-  
18       pertise or experience of the members of the board of  
19       directors of the community development lender and  
20       the managers or employees of the lender.

21           (6) FINANCIAL HISTORY.—In the case of an ap-  
22       plication by an existing community development  
23       lender, any financial information regarding the com-  
24       munity development lender that the Secretary con-  
25       siders necessary in determining whether to provide

1 assistance to the community development lender, in-  
2 cluding information regarding any history of compli-  
3 ance with the requirements of section 1515.

4 (7) REGULATION.—Identification of any Fed-  
5 eral, State, and local laws, ordinances, and regula-  
6 tions under which the financial operations of the  
7 community development lender are, or are to be,  
8 subject to the supervision, approval, regulation, or  
9 insuring of any agency or other instrumentality of  
10 the Federal Government or the State or local gov-  
11 ernment and identification of the agency or instru-  
12 mentality.

13 (8) NEW COMMUNITY DEVELOPMENT LEND-  
14 ERS.—In the case of an application by an eligible  
15 entity for assistance for the establishment of a com-  
16 munity development lender, any financial, organiza-  
17 tional, or other information that the Secretary con-  
18 siders necessary in determining whether to provide  
19 such assistance.

20 (9) ASSISTANCE.—A description of the amount  
21 of assistance for which the community development  
22 lender or eligible entity is applying and a description  
23 of the purposes for which such assistance will be  
24 used.

1           (10) EMPLOYMENT PLAN.—An employment  
2           plan in accordance with the regulations issued under  
3           section 1515(d).

4           (11) COMPLIANCE WITH REQUIREMENTS.—A  
5           description of the actions to be taken by the commu-  
6           nity development lender (or the eligible entity estab-  
7           lishing the community development lender) to ensure  
8           compliance with the requirements under section  
9           1515.

10          (12) OTHER.—Any other information the Sec-  
11          retary considers appropriate to carry out, and en-  
12          sure compliance with, the provisions of this subtitle.

13          (d) REVIEW AND APPROVAL.—

14               (1) REVIEW.—The Secretary shall promptly re-  
15               view each application submitted under this section.

16               (2) MINIMUM STANDARDS FOR APPROVAL.—  
17               The Secretary may approve an application under  
18               this section for assistance only if the Secretary de-  
19               termines, based on the information contained in an  
20               application, that—

21                       (A) the lender will operate in accordance  
22                       with the requirements of this chapter and in a  
23                       financially safe and sound manner; and

24                       (B) the assistance is necessary and appro-  
25                       priate to facilitate the provision of credit and

1 credit-related services in the neighborhood  
2 served by the lender to low-income families and  
3 others not adequately served by traditional  
4 lending institutions.

5 (3) SELECTION CRITERIA.—The Secretary shall  
6 approve applications under this subsection based on  
7 competitive selection criteria, which the Secretary  
8 shall establish by regulation.

9 (4) NOTIFICATION.—The Secretary shall  
10 promptly notify each applicant of the approval or  
11 disapproval of the applicant's application. In the  
12 case of any disapproval, such notification shall in-  
13 clude a statement of the reasons for the disapproval  
14 and of the availability of technical assistance under  
15 section 1519.

16 **SEC. 1517. ASSISTANCE AGREEMENTS.**

17 (a) REQUIREMENT.—The Secretary may not provide  
18 assistance under section 1514 for an application for such  
19 assistance approved under section 1516 unless the com-  
20 munity development lender or eligible entity submitting  
21 the application enters into a written agreement with the  
22 Secretary under this section.

23 (b) CONTENTS.—An agreement under this section  
24 shall provide the following:

1           (1) NEIGHBORHOOD SERVED.—A delineation of  
2           the boundaries of the low-income neighborhood with-  
3           in which the community development lender shall be  
4           located and in which the lender shall conduct its  
5           principal operations.

6           (2) COMPLIANCE WITH REQUIREMENTS.—That  
7           the community development lender shall comply with  
8           the requirements under section 1515.

9           (3) SAFE AND SOUND OPERATION.—That the  
10          community development lender shall operate in a fi-  
11          nancially safe and sound manner.

12          (4) BOOKS AND RECORDS.—That the commu-  
13          nity development lender shall operate and maintain  
14          books and records in accordance with the regulations  
15          issued by the Secretary under section 1518 and will  
16          provide the Secretary with access to such books and  
17          records for purposes of determining the compliance  
18          of the lender with the requirements of this subtitle  
19          and the provisions of the agreement under this sec-  
20          tion.

21          (5) PERFORMANCE STANDARDS AND SANC-  
22          TIONS.—Standards for the performance and finan-  
23          cial operation of the community development lender  
24          appropriate for the particular lender, including  
25          standards relating to the lending volume, portfolio

1 performance, personnel development, service to the  
2 neighborhood served by the lender, and sanctions for  
3 failure to comply with such standards.

4 (6) REPORTS.—That the community develop-  
5 ment lender (or the eligible entity establishing the  
6 community development lender) shall submit reports  
7 to the Secretary including such information, at such  
8 times, and in such manner, as required by the Sec-  
9 retary and provided in the agreement.

10 (7) ASSISTANCE.—The amount of assistance to  
11 be provided to the community development lender  
12 (or eligible entity establishing the community devel-  
13 opment lender), the purposes under section 1514(b)  
14 for which such assistance will be used, and the tim-  
15 ing and terms of the disbursement of such assist-  
16 ance.

17 (8) OTHER CONDITIONS.—That the community  
18 development lender shall comply with any other writ-  
19 ten conditions (which shall be contained in the  
20 agreement) that the Secretary considers appropriate  
21 to carry out the purposes of this subtitle.

22 (9) PERIOD OF COMPLIANCE.—The period dur-  
23 ing which the community development lender shall  
24 comply with the provisions of the agreement under



1       this section, which shall not be shorter than 12  
2       months in duration.

3       (c) FEDERAL OR OTHER REGULATION OF LEND-  
4 ER.—An agreement under this section may not be con-  
5 strued to annul, alter, affect, or exempt the community  
6 development lender receiving assistance pursuant to the  
7 agreement (or established by the eligible entity receiving  
8 such assistance) from complying with any Federal, State,  
9 or local laws, ordinances, and regulations applicable to the  
10 financial and other operations of community development  
11 lender or with any orders or rulings of any agency or in-  
12 strumentality of the Federal Government or the State or  
13 local government responsible for the supervision, approval,  
14 regulation, or insuring of the community development  
15 lender.

16 **SEC. 1518. BOOKS, RECORDS, AND AUDITS.**

17       (a) BOOKS AND RECORDS.—During the applicable  
18 assistance agreement term, a community development  
19 lender that receives assistance under section 1514 (or es-  
20 tablished by an eligible entity that receives such assist-  
21 ance) shall maintain the books and records of the lender  
22 in the manner that the Secretary shall, by regulation, re-  
23 quire.

24       (b) EXAMINATIONS AND AUDITS.—

1           (1) RECERTIFICATION.—The Secretary shall,  
2           not less than once each year during the applicable  
3           assistance agreement term, conduct an examination  
4           of the books, records, and financial accounts and  
5           transactions of each community development lender  
6           receiving assistance under section 1514 (or estab-  
7           lished by an eligible entity receiving assistance under  
8           such section) for the purpose of determining compli-  
9           ance of the lender with this subtitle and the provi-  
10          sions of the agreement.

11          (2) OTHER.—During the applicable assistance  
12          agreement term, the Secretary may conduct any  
13          other examinations and audits of such a community  
14          development lender and its accounts and trans-  
15          actions that the Secretary considers appropriate to  
16          determine the condition of the lender and compliance  
17          with the provisions of the assistance agreement.

18   **SEC. 1519. TECHNICAL ASSISTANCE FOR ORGANIZING AND**  
19                   **OPERATING COMMUNITY DEVELOPMENT**  
20                   **LENDERS.**

21          (a) ASSISTANCE TO ESTABLISH COMMUNITY DEVEL-  
22          OPMENT LENDERS.—The Secretary shall carry out a pro-  
23          gram under this subsection to provide technical assistance  
24          in establishing community development financial institu-  
25          tions, which shall include—

1           (1) educating organizations, financial institu-  
2           tions, governmental agencies, and other entities and  
3           persons in low-income neighborhoods and elsewhere  
4           regarding the need for, capabilities, functions, and  
5           organization of community development lenders;

6           (2) educating and training organizations, finan-  
7           cial institutions, and other entities and persons in  
8           organizing community development lenders and ap-  
9           plying for assistance under this subtitle for estab-  
10          lishment of community development lenders;

11          (3) assisting entities and persons interested in  
12          establishing community development lenders in iden-  
13          tifying community lending needs and meeting the  
14          application requirements and preparing applications  
15          under this subtitle; and

16          (4) assisting community development lenders  
17          and eligible entities whose applications have been  
18          disapproved under section 1516(d) to submit approv-  
19          able applications for assistance under section 1514.

20          (b) ASSISTANCE FOR OPERATING COMMUNITY DE-  
21          VELOPMENT LENDERS.—The Secretary shall carry out a  
22          program under this subsection to provide technical assist-  
23          ance to community development lenders, which shall in-  
24          clude—

1           (1) education and training regarding manage-  
2           ment and operation of the lenders, including design-  
3           ing and utilizing lending practices to target credit to  
4           low-income families and neighborhoods, complying  
5           with financial and accounting standards under the  
6           agreement for the lender under section 1517, and  
7           implementing effective asset management and fund  
8           development techniques;

9           (2) collecting and disseminating information  
10          from various community development lenders re-  
11          garding successful management and operation tech-  
12          niques, lending practices, and lending activities; and

13          (3) training personnel of lenders to meet re-  
14          quirements under section 1515(f).

15          (c) PROVISION OF ASSISTANCE.—The Secretary may  
16          provide technical assistance under this section directly or  
17          through public or private organizations pursuant to con-  
18          tracts with such organizations or grants to such organiza-  
19          tions.

20          (d) ADMINISTRATION.—The Secretary may provide  
21          for making technical assistance under this section avail-  
22          able to community development lenders and eligible enti-  
23          ties that receive assistance under section 1514 pursuant  
24          to a request for such assistance in an application under  
25          section 1516, approval of the application, and the inclu-

1 sion of terms in the assistance agreement under section  
2 1517 providing for such assistance.

3 **SEC. 1520. RELATIONSHIP TO COMMUNITY REINVESTMENT**

4 **ACT OF 1977.**

5 Section 807(b) of the Community Reinvestment Act  
6 of 1977 (12 U.S.C. 2906(b)) is amended by adding at the  
7 end the following new paragraph:

8 “(3) COORDINATION WITH COMMUNITY BANK-  
9 ING AND ECONOMIC EMPOWERMENT ACT.—No regu-  
10 lated financial institution may receive a rating of  
11 ‘outstanding record of meeting community credit  
12 needs’ or ‘satisfactory record of meeting community  
13 credit needs’ solely on the basis of loans to or invest-  
14 ments in community development lenders.”.

15 **SEC. 1521. REPORTS TO CONGRESS.**

16 The Secretary shall submit a report to the Congress  
17 not later than July 1 of each year in which the Secretary  
18 provides assistance under section 1514 to community de-  
19 velopment lenders or eligible entities, which shall de-  
20 scribe—

21 (1) the assistance provided under such section,  
22 the purposes for which such assistance will be used,  
23 the neighborhoods to be served by the community  
24 development lenders assisted, and the activities of  
25 community development lenders assisted; and

1           (2) any technical assistance provided under sec-  
2           tion 1519 by the Secretary.

3   **SEC. 1522. REGULATIONS.**

4           The Secretary of Housing and Urban Development,  
5           jointly with the Secretary of the Treasury, shall issue any  
6           regulations necessary to carry out this subtitle.

7   **SEC. 1523. DEFINITIONS.**

8           For purposes of this chapter:

9           (1) The term “assistance agreement” means an  
10          agreement under section 1517 between the Secretary  
11          and a community development lender or eligible en-  
12          tity receiving assistance under section 1514.

13          (2) The term “assistance agreement term”  
14          means the period established by an assistance agree-  
15          ment during which the community development lend-  
16          er that receives assistance under section 1514 pursu-  
17          ant to the agreement (or established by the eligible  
18          entity that receives such assistance) shall comply  
19          with the provision of the agreement.

20          (3) The term “community development finan-  
21          cial institution” means a financial institution de-  
22          scribed in section 1513(a)(1) that meets the require-  
23          ments under subsections (b) and (c) of section 1513.

24          (4) The term “community development lender”  
25          means a community development financial institu-

1       tion that meets the requirements under subsections  
2       (b) and (c) of section 1513.

3           (5) The term “eligible entity” means any entity  
4       described in section 1513(a)(2).

5           (6) The term “low-income family” means any  
6       individual or family whose income does not exceed  
7       80 percent of the median income for the area, as de-  
8       termined by the Secretary with adjustments for  
9       smaller and larger families; except that the Sec-  
10      retary may establish income ceilings higher or lower  
11      than 80 percent of the median for the area on the  
12      basis of any findings by the Secretary that such  
13      variations are necessary because of unusually high  
14      or low prevailing incomes.

15          (7) The term “low-income neighborhood”  
16      means any area within a city, county, town, town-  
17      ship, parish, village, or other general purpose sub-  
18      division of a State—

19           (A) that has a continuous boundary; and

20           (B) in which not less than 20 percent of  
21      the residents are members of low-income fami-  
22      lies.

23          (8) The term “low-income neighborhood served  
24      by a community development lender” means the low-  
25      income neighborhood identified in an application

1 under section 1516 and an assistance agreement  
2 under section 1517 as the area in which the commu-  
3 nity development lender that receives assistance pur-  
4 suant to such application and agreement (or estab-  
5 lished by the eligible entity that receives such assist-  
6 ance) will be located and conduct its principal oper-  
7 ations.

8 (9) The term “Secretary” means the Secretary  
9 of Housing and Urban Development.

10 **SEC. 1524. AUTHORIZATION OF APPROPRIATIONS.**

11 There is authorized to be appropriated for each of  
12 fiscal years 1995 and 1996—

13 (1) \$800,000,000 for assistance under section  
14 1514; and

15 (2) \$200,000,000 for providing technical assist-  
16 ance under section 1519.

17 **Subtitle G—Education**  
18 **Infrastructure**

19 **SEC. 1601. SHORT TITLE.**

20 This subtitle may be cited as the “Education Infra-  
21 structure Act of 1994”.

22 **SEC. 1602. FINDINGS.**

23 The Congress finds that—

24 (1) improving the quality of public elementary  
25 and secondary school libraries, media centers, and



1 facilities will help our Nation meet the National  
2 Education Goals;

3 (2) Federal, State, and local funding for the re-  
4 pair, renovation, alteration and construction of pub-  
5 lic elementary and secondary school libraries, media  
6 centers, and facilities has not adequately reflected  
7 need; and

8 (3) the challenges facing our Nation's public el-  
9 ementary and secondary schools require the con-  
10 certed and collaborative efforts of all levels of gov-  
11 ernment and all sectors of the community.

12 **SEC. 1603. PURPOSE.**

13 It is the purpose of this subtitle to help our Nation  
14 meet the National Education Goals through the repair,  
15 renovation, alteration and construction of public elemen-  
16 tary and secondary school libraries, media centers, and fa-  
17 cilities, used for academic or vocational instruction.

18 **SEC. 1604. DEFINITIONS.**

19 For purposes of this subtitle—

20 (1) the term “alteration” refers to any change  
21 to an existing property for use for a different pur-  
22 pose or function;

23 (2) the term “construction” refers to the erec-  
24 tion of a building, structure, or facility, including the  
25 concurrent installation of equipment, site prepara-

1       tion, associated roads, parking, and utilities, which  
2       provides area or cubage not previously available, in-  
3       cluding—

4               (A) freestanding structures, additional  
5       wings, or floors, enclosed courtyards or  
6       entryways, and any other means to provide usa-  
7       ble program space that did not previously exist;  
8       and

9               (B) the complete replacement of an exist-  
10      ing facility;

11      (3) the term “eligible local educational agency”  
12      means a local educational agency, as such term is  
13      defined in section 1471 of the Elementary and Sec-  
14      ondary Education Act of 1965, which demonstrates  
15      in the application submitted under section 1607 that  
16      such agency—

17              (A) has urgent repair, renovation, alter-  
18      ation and construction needs for its public ele-  
19      mentary or secondary school libraries, media  
20      centers, and facilities, used for academic or vo-  
21      cational instruction; and

22              (B) serves large numbers or percentages of  
23      disadvantaged students;

1           (4) the term “renovation” refers to any change  
2           to an existing property to allow its more efficient use  
3           within such property’s designated purpose;

4           (5) the term “repair” refers to the restoration  
5           of a failed or failing real property facility, compo-  
6           nent, or a building system to such a condition that  
7           such facility, component, or system may be used ef-  
8           fectively for its designated purpose, if, due to the na-  
9           ture or extent of the deterioration or damage to such  
10          facility, component, or system, such deterioration or  
11          damage cannot be corrected through normal mainte-  
12          nance; and

13          (6) the term “Secretary”, unless otherwise  
14          specified, means the Secretary of Education.

15 **SEC. 1605. IMPROVEMENT OF PUBLIC ELEMENTARY AND**  
16 **SECONDARY EDUCATION FACILITIES PRO-**  
17 **GRAM AUTHORIZED.**

18          (a) PROGRAM AUTHORITY.—From amounts appro-  
19          priated pursuant to the authority of subsection (b) in any  
20          fiscal year, the Secretary shall award grants to eligible  
21          local educational agencies having applications approved  
22          under section 1606 to carry out the authorized activities  
23          described in section 1607.

24          (b) AUTHORIZATION OF APPROPRIATIONS.—There  
25          are to be appropriated \$3,000,000,000 for fiscal year

1 1995, and such sums as may be necessary for each of the  
2 fiscal years 1996 through 2004, to carry out this subtitle.

3 **SEC. 1606. APPLICATIONS.**

4 (a) CONTENTS REQUIRED.—Each eligible local edu-  
5 cational agency desiring to receive a grant under this sub-  
6 title shall submit an application to the Secretary. Each  
7 such application shall—

8 (1) contain an assurance that such application  
9 was developed in consultation with parents and  
10 classroom teachers; and

11 (2) include—

12 (A) a description of each architectural,  
13 civil, structural, mechanical, electrical, or tele-  
14 phone line, deficiency to be corrected with funds  
15 provided under this subtitle, including the prior-  
16 ity for the repair of the deficiency;

17 (B) a description of the corrective action to  
18 be supported with funds provided under this  
19 subtitle;

20 (C) a cost estimate of the proposed correc-  
21 tive action;

22 (D) an identification of the total amount  
23 and percentage of such agency's budget used in  
24 the preceding fiscal year for the maintenance,  
25 repair, renovation, alteration, and construction

1 of public elementary and secondary school li-  
2 braries, media centers, and facilities;

3 (E) a description of how such agency plans  
4 to maintain the repair, renovation, alteration,  
5 or construction supported with funds provided  
6 under this subtitle;

7 (F) a description of the extent to which the  
8 repair, renovation, alteration, or construction  
9 will help the Secretary meet the goals described  
10 in section 1609(1)(A); and

11 (G) such other information as the Sec-  
12 retary may reasonably require.

13 (b) PRIORITIES IN SELECTION OF APPLICATIONS.—  
14 In selecting applications for the award of grant funds  
15 under this subtitle, the Secretary shall give priority to  
16 local educational agencies that—

17 (1) are seeking funds for the repair, renovation,  
18 alteration, or construction of facilities that are the  
19 oldest for which funds are sought under this sub-  
20 title;

21 (2) have the highest number of facilities with  
22 health and safety hazards from one or more of the  
23 following sources: asbestos, lead, radon, plumbing,  
24 electrical wiring; and

1           (3) serve areas with high rates of unemploy-  
2       ment.

3   **SEC. 1607. AUTHORIZED ACTIVITIES.**

4       Each eligible local educational agency receiving a  
5   grant under this subtitle shall use such grant funds to help  
6   our Nation meet the National Education Goals through  
7   the repair, renovation, alteration, and construction of a  
8   public elementary or secondary school library, media cen-  
9   ter, or facility, used for academic or vocational instruction,  
10  including—

11           (1) inspection of such library, center, or facility;

12           (2) repairing such library, center, or facility  
13       that poses a health or safety risk to students;

14           (3) upgrading of and alteration to such library,  
15       center, or facility in order to accommodate new in-  
16       structional technology;

17           (4) meeting the requirements of section 504 of  
18       the Rehabilitation Act of 1973 and the Americans  
19       with Disabilities Act of 1990;

20           (5) removal or containment of severely hazard-  
21       ous material such as asbestos, lead, and radon using  
22       a cost-effective method;

23           (6) installation or upgrading of school security  
24       and communications systems;

25           (7) energy conservation;

1           (8) meeting Federal, State, or local codes relat-  
2       ed to fire, air, light, noise, waste disposal, building  
3       height, or other codes passed since the initial con-  
4       struction of such library, center, or facility; and

5           (9) replacing an old library, center, or facility  
6       that is most cost-effectively torn down rather than  
7       renovated.

8   **SEC. 1608. REQUIREMENTS.**

9       (a) SPECIAL RULES.—

10           (1) MAINTENANCE OF EFFORT.—An eligible  
11       local educational agency may receive a grant under  
12       this subtitle for any fiscal year only if the Secretary  
13       finds that either the combined fiscal effort per stu-  
14       dent or the aggregate expenditures of that agency  
15       and the State with respect to the provision of free  
16       public education by such local educational agency for  
17       the preceding fiscal year was not less than 90 per-  
18       cent of such combined fiscal effort or aggregate ex-  
19       penditures for the fiscal year for which the deter-  
20       mination is made.

21           (2) SUPPLEMENT NOT SUPPLANT.—An eligible  
22       local educational agency shall use funds received  
23       under this subtitle only to supplement the amount of  
24       funds that would, in the absence of such Federal  
25       funds, be made available from non-Federal sources

1 for the repair and construction of school facilities  
2 used for educational purposes, and not to supplant  
3 such funds.

4 (b) GENERAL LIMITATIONS.—

5 (1) REAL PROPERTY.—No part of any grant  
6 funds under this subtitle shall be used for the acqui-  
7 sition of any interest in real property.

8 (2) MAINTENANCE.—Nothing in this subtitle  
9 shall be construed to authorize the payment of main-  
10 tenance costs in connection with any projects con-  
11 structed in whole or in part with Federal funds pro-  
12 vided under this subtitle.

13 (3) ENVIRONMENTAL SAFEGUARDS.—All  
14 projects carried out with Federal funds provided  
15 under this subtitle shall comply with all relevant  
16 Federal, State, and local environmental laws and  
17 regulations.

18 (4) APPLICABILITY OF LAWS REGARDING INDIV-  
19 IDUALS WITH DISABILITIES.—Sections 504 and  
20 505 of the Rehabilitation Act of 1973 and the Amer-  
21 icans with Disabilities Act of 1990 shall apply to  
22 projects carried out with Federal funds provided  
23 under this subtitle.



1 **SEC. 1609. CONTRACTS.**

2 If a project assisted under this subtitle will be carried  
3 out pursuant to a contract, the following limitations shall  
4 apply:

5 (1) MINORITY PARTICIPATION.—The Secretary  
6 shall establish—

7 (A) goals for the participation of small  
8 business concerns as contractors or subcontrac-  
9 tors that meet or exceed the governmentwide  
10 goals established pursuant to section 15(g)(1)  
11 of the Small Business Act (15 U.S.C.  
12 644(g)(1)) for the participation of such con-  
13 cerns in contracts supported with funds under  
14 this subtitle (and subcontracts under such con-  
15 tracts); and

16 (B) an evaluation process for such partici-  
17 pation that gives significant weight to the goals  
18 described in subparagraph (A).

19 (2) DAVIS-BACON.—All laborers and mechanics  
20 employed by contractors or subcontractors in the  
21 performance of any contract and subcontract for the  
22 repair, renovation, alteration, or construction, in-  
23 cluding painting and decorating, of any building or  
24 work that is financed in whole or in part by a grant  
25 under this subtitle, shall be paid wages not less than  
26 those determined by the Secretary of Labor in ac-

1 cordance with the Act of March 3, 1931 (commonly  
2 known as the Davis-Bacon Act); as amended (40  
3 U.S.C. 276a–276a–5). The Secretary of Labor shall  
4 have the authority and functions set forth in reorga-  
5 nization plan of No. 14 of 1950 (15 FR 3176; 64  
6 Stat. 1267) and section 2 of the Act of June 1,  
7 1934 (commonly known as the Copeland Anti-Kick-  
8 back Act) as amended (40 U.S.C. 276c, 48 Stat.  
9 948).

10 **SEC. 1610. TECHNICAL ASSISTANCE.**

11 The comprehensive regional centers established under  
12 section 2203 of the Elementary and Secondary Education  
13 Act of 1965 may provide assistance in the repair, renova-  
14 tion, alteration, and construction of public elementary or  
15 secondary school libraries, media centers, or facilities to  
16 eligible local educational agencies receiving assistance  
17 under this subtitle.

18 **SEC. 1611. FEDERAL ASSESSMENT.**

19 The Secretary shall reserve not more than 1 percent  
20 of funds appropriated pursuant to the authority of section  
21 1605(b)—

22 (1) to collect such data as the Secretary deter-  
23 mines necessary at the school, local, and State levels;  
24 and

1 (2) to conduct studies and evaluations, includ-  
2 ing national studies and evaluations, in order to—

3 (A) monitor the progress of projects sup-  
4 ported with funds provided under this subtitle;  
5 and

6 (B) evaluate the state of American public  
7 elementary and secondary school libraries,  
8 media centers, and facilities; and

9 (3) to report to the Congress by July 1, 1997,  
10 regarding the findings of the studies and evaluations  
11 described in paragraph (2).

12 **Subtitle H—Renewable Energy and**  
13 **Energy Efficiency**

14 **SEC. 1701. RENEWABLE ENERGY.**

15 In addition to any amounts otherwise authorized to  
16 be appropriated, there are authorized to be appropriated  
17 to the Secretary of Energy \$250,000,000 for fiscal year  
18 1995 and \$250,000,000 for fiscal year 1996 for renewable  
19 energy research, development, and demonstration pro-  
20 grams described in section 4(c) of the Renewable Energy  
21 and Efficiency Technology Competitiveness Act of 1989  
22 (42 U.S.C. 12003(c)).

23 **SEC. 1702. ENERGY EFFICIENCY.**

24 (a) FEDERAL ENERGY EFFICIENCY FUND.—Section  
25 546(b)(4) of the National Energy Conservation Policy Act

1 (42 U.S.C. 8256(b)(4)) is amended by striking  
2 “\$50,000,000 for fiscal year 1995” and inserting in lieu  
3 thereof “\$200,000,000 for fiscal year 1995, \$125,000,000  
4 for fiscal year 1996”.

5 (b) NEW TECHNOLOGY DEMONSTRATION PRO-  
6 GRAM.—Section 549(f) of the National Energy Conserva-  
7 tion Policy Act (42 U.S.C. 8258a(f)) is amended by strik-  
8 ing “, 1994, and 1995” and inserting in lieu thereof “and  
9 1994, \$300,000,000 for fiscal year 1995, and  
10 \$375,000,000 for fiscal year 1996”.

11 **TITLE II—HUMAN CAPITAL**  
12 **INVESTMENT**

13 **Subtitle A—Job Training**

14 **SEC. 2001. HUMAN CAPITAL INVESTMENTS IN JOB TRAIN-**  
15 **ING.**

16 (a) ESTABLISHMENT OF ALLIED HEALTH PROFES-  
17 SIONAL JOB TRAINING PROGRAM UNDER THE JOB TRAIN-  
18 ING PARTNERSHIP ACT.—

19 (1) IN GENERAL.—Part D of title IV of the Job  
20 Training Partnership Act (29 U.S.C. 1731 et seq.)  
21 is amended by adding at the end the following new  
22 section:

1   **“SEC. 457. ALLIED HEALTH PROFESSIONAL JOB TRAINING**  
2                   **PROGRAM.**

3           “(a) AUTHORIZATION.—The Secretary shall provide  
4   grants to institutions of higher education to establish pro-  
5   grams to provide job training assistance to at-risk youths  
6   and long-term welfare recipients to enable such youths and  
7   recipients to become allied health professionals.

8           “(b) APPLICATION.—The Secretary may provide a  
9   grant to an institution of higher education under sub-  
10   section (a) only if such institution submits to the Sec-  
11   retary an application which contains such information as  
12   the Secretary may reasonably require.

13          “(c) USE OF AMOUNTS.—An institution of higher  
14   education shall use amounts received from a grant under  
15   subsection (a) to establish a program to provide job train-  
16   ing assistance to at-risk youths and long-term welfare re-  
17   cipients to enable such youths and recipients to become  
18   allied health professionals. In carrying out such program,  
19   the institution of higher education shall meet the following  
20   requirements:

21               “(1) The institution will consult with represent-  
22               atives from labor unions in carrying out the program  
23               and will allow such representatives to assist such in-  
24               stitution in the recruitment and orientation of indi-  
25               viduals for the program.

1           “(2) The institution will disseminate informa-  
2           tion relating to the program in areas of substantial  
3           unemployment where the need for increased access  
4           to health care services is the greatest.

5           “(3) In accepting individuals into the program,  
6           the institution will give priority to individuals from  
7           underrepresented populations.

8           “(4) To the extent practicable, the training of  
9           an individual in the program will not exceed 2 years.

10          “(5) To the extent practicable, the institution  
11          will provide individuals in the program with services  
12          leading to guaranteed job placement in the allied  
13          health profession.

14          “(d) DEFINITIONS.—For purposes of this section, the  
15          following definitions apply:

16          “(1) ALLIED HEALTH PROFESSIONALS.—The  
17          term ‘allied health professionals’ has the meaning  
18          given such term in section 799(5) of the Public  
19          Health Service Act (42 U.S.C. 295p(5)).

20          “(2) FAMILY ADJUSTED INCOME.—

21                  “(A) IN GENERAL.—Except as provided in  
22                  subparagraph (C), the term ‘family adjusted in-  
23                  come’ means, with respect to a family, the sum  
24                  of the adjusted incomes (as defined in subpara-  
25                  graph (B)) for all members of the family.

1           “(B) ADJUSTED INCOME.—In subpara-  
2           graph (A), the term ‘adjusted income’ means,  
3           with respect to an individual, adjusted gross in-  
4           come (as defined in section 62(a) of the Inter-  
5           nal Revenue Code of 1986)—

6                   “(i) determined without regard to sec-  
7                   tions 135, 162(l), 911, 931, and 933 of  
8                   such Code, and

9                   “(ii) increased by the amount of inter-  
10                  est received or accrued by the individual  
11                  which is exempt from tax.

12           “(C) PRESENCE OF ADDITIONAL DEPEND-  
13           ENTS.—At the option of an individual, a family  
14           may include (and not be required to separate  
15           out) the income of other individuals who are  
16           claimed as dependents of the family for income  
17           tax purposes, but such individuals shall not be  
18           counted as part of the family for purposes of  
19           determining the size of the family.

20           “(3) INSTITUTION OF HIGHER EDUCATION.—  
21           The term ‘institution of higher education’ means an  
22           institution of higher education (as such term is de-  
23           fined in section 481 of the Higher Education Act of  
24           1965 (20 U.S.C. 1088)) which—

1           “(A) continues to meet the eligibility and  
2           certification requirements under title IV of such  
3           Act (20 U.S.C. 1070 et seq.); and

4           “(B) has the capacity to train individuals  
5           to become allied health professionals, as deter-  
6           mined by the Secretary.

7           “(4) LONG-TERM WELFARE RECIPIENT DE-  
8           FINED.—The term ‘long-term welfare recipient’  
9           means an individual who, in accordance with rules  
10          established by the Secretary, is identified as—

11          “(A) having been substantially unemployed  
12          over a consecutive period of at least 2 years im-  
13          mediately preceding the date of application for  
14          the program;

15          “(B) having, during such period, been re-  
16          ceiving (or a member of a household that has  
17          been receiving) benefits under one or more Fed-  
18          eral or State welfare programs identified under  
19          such rules, including the AFDC program, the  
20          SSI program, and medicaid; and

21          “(C) having family adjusted income that  
22          does not exceed 200 percent of the applicable  
23          poverty level for the class of enrollment in-  
24          volved.



1           “(5) UNDERREPRESENTED POPULATIONS.—

2           The term ‘underrepresented populations’ includes  
3           minorities, the poor, and persons with limited Eng-  
4           lish proficiency.”.

5           (2) AUTHORIZATION OF APPROPRIATIONS.—

6           Section 3(c) of such Act (29 U.S.C. 1502(c)) is  
7           amended—

8                   (A) in paragraph (1), by striking “There  
9                   are authorized” and inserting “Except as pro-  
10                  vided in paragraph (6), there are authorized”;  
11                  and

12                   (B) by adding at the end the following new  
13                  paragraph:

14           “(6) In addition to amounts authorized to be appro-  
15           priated under paragraph (1), there are authorized to be  
16           appropriated to carry out section 457 \$2,000,000,000 for  
17           each of the fiscal years 1995 and 1996 and such sums  
18           as may be necessary for fiscal year 1997.”.

19           (3) CONFORMING AMENDMENT.—The table of  
20           contents of such Act is amended by inserting after  
21           the item relating to section 456 the following new  
22           item:

          “Sec. 457. Allied health professional job training program.”.

23           (4) EFFECTIVE DATE.—The amendments made  
24           by this subsection shall take effect on October 1,

1 1994, or the date of the enactment of this Act,  
2 whichever occurs later.

3 (b) INCREASE IN AUTHORIZATION OF APPROPRIA-  
4 TIONS FOR CERTAIN YOUTH JOB TRAINING PROGRAMS.—

5 (1) YOUTH FAIR CHANCE PROGRAM.—Section  
6 3(c)(3) of the Job Training Partnership Act (29  
7 U.S.C. 1502(c)(3)) is amended by striking  
8 “\$100,000,000” and all that follows through  
9 “1997” and inserting “\$700,000,000 for each of the  
10 fiscal years 1995 and 1996 and such sums as may  
11 be necessary for fiscal year 1997”.

12 (2) YOUTHBILD PROGRAM.—Section 402 of the  
13 Homeownership and Opportunity Through HOPE  
14 Act (42 U.S.C. 12870) is amended—

15 (1) by redesignating subsection (c) as sub-  
16 section (d); and

17 (2) by inserting after subsection (b) the follow-  
18 ing new subsection:

19 “(c) YOUTHBILD PROGRAM.—

20 “(1) IN GENERAL.—There are authorized to be  
21 appropriated for activities authorized under subtitle  
22 D \$400,000,000 for each of the fiscal years 1995  
23 and 1996 and such sums as may be necessary for  
24 fiscal year 1997.

1           “(2) AVAILABILITY.—Amounts appropriated  
2           pursuant to the authorization of appropriations  
3           under paragraph (1) are authorized to remain avail-  
4           able until expended.”.

## 5           **Subtitle B—Education**

### 6   **SEC. 2101. EDUCATIONAL PERSONNEL.**

7           (a) ADULT EDUCATION.—Section 313 of the Adult  
8           Education Act is amended by striking “1995” and insert-  
9           ing “and \$760,000,000 for each of the fiscal years 1995  
10          and 1996”.

11          (b) ELEMENTARY AND SECONDARY EDUCATION.—  
12          Section 1502 of the Elementary and Secondary Education  
13          Act is amended—

14                  (1) by striking “and”; and

15                  (2) by inserting “\$2,456,000,000 for each of  
16          the fiscal years 1995 and 1996,” after “1993,”.

## 17          **Subtitle C—Head Start**

### 18   **SEC. 2201. AMENDMENTS TO THE HEAD START ACT.**

19          Section 629(a) of the Head Start Act (42 U.S.C.  
20          9834(a)) is amended—

21                  (1) by striking “1993, and” and inserting  
22          “1993,”, and

23                  (2) by inserting “, \$11,660,000 for fiscal year  
24          1995, and \$15,660,000 for fiscal year 1996” before  
25          the period at the end.

1       **Subtitle D—Programs Under**  
2       **Public Health Service Act**  
3       **CHAPTER 1—FUNDING INITIATIVE FOR**  
4       **PROGRAMS PROVIDING HEALTH**  
5       **SERVICES**

6       **SEC. 2301. FUNDING INITIATIVE.**

7       (a) COMMUNITY HEALTH CENTERS.—In addition to  
8       any other authorizations of appropriations that are avail-  
9       able for the purpose of carrying out section 330 of the  
10      Public Health Service Act, there are authorized to be ap-  
11      propriated for such purpose \$200,000,000 for fiscal year  
12      1995.

13      (b) MIGRANT HEALTH CENTERS.—In addition to any  
14      other authorizations of appropriations that are available  
15      for the purpose of carrying out section 329 of the Public  
16      Health Service Act, there are authorized to be appro-  
17      priated for such purpose \$100,000,000 for fiscal year  
18      1995.

19      (c) HEALTH CARE FOR THE HOMELESS.—In addi-  
20      tion to any other authorizations of appropriations that are  
21      available for the purpose of carrying out section 340 of  
22      the Public Health Service Act, there are authorized to be  
23      appropriated for such purpose \$100,000,000 for fiscal  
24      year 1995.

1       (d) PREVENTIVE SERVICES REGARDING TUBER-  
2 CULOSIS.—In addition to any other authorizations of ap-  
3 propriations that are available for the purpose of carrying  
4 out section 317E of the Public Health Service Act (as  
5 added by section 301 of Public Law 103–183; 107 Stat.  
6 2233), there are authorized to be appropriated for such  
7 purpose \$150,000,000 for fiscal year 1995.

8       (e) PREVENTIVE SERVICES REGARDING BREAST AND  
9 CERVICAL CANCER.—In addition to any other authoriza-  
10 tions of appropriations that are available for the purpose  
11 of carrying out the program under section 1501 of the  
12 Public Health Service Act, there are authorized to be ap-  
13 propriated for such purpose \$120,000,000 for fiscal year  
14 1995.

15       (f) PREVENTIVE SERVICES REGARDING LEAD EXPO-  
16 SURE.—In addition to any other authorizations of appro-  
17 priations that are available for the purpose of carrying out  
18 section 317A of the Public Health Service Act, there are  
19 authorized to be appropriated for such purpose  
20 \$16,000,000 for fiscal year 1995.

21       (g) PREVENTIVE SERVICES REGARDING HIV DIS-  
22 EASE.—In addition to any other authorizations of appro-  
23 priations that are available for the purpose of carrying out  
24 under the Public Health Service Act programs to prevent  
25 infection with the human immunodeficiency virus, there

1 are authorized to be appropriated for such purpose  
2 \$40,000,000 for fiscal year 1995.

3 (h) IMMUNIZATION PROGRAM.—In addition to any  
4 other authorizations of appropriations that are available  
5 for the purpose of carrying out the immunization program  
6 under section 317(j) of the Public Health Service Act,  
7 there are authorized to be appropriated for such purpose  
8 \$200,000,000 for fiscal year 1995.

9 (i) CANCER REGISTRIES.—In addition to any other  
10 authorizations of appropriations that are available for the  
11 purpose of carrying out the program for cancer registries  
12 under section 399H of the Public Health Service Act,  
13 there are authorized to be appropriated for such purpose  
14 \$13,000,000 for fiscal year 1995.

15 (j) PREVENTIVE SERVICES REGARDING PROSTATE  
16 CANCER.—In addition to any other authorizations of ap-  
17 propriations that are available for the purpose of carrying  
18 out section 317D of the Public Health Service Act, there  
19 are authorized to be appropriated for such purpose  
20 \$4,000,000 for fiscal year 1995.

21 (k) COMPREHENSIVE SCHOOL HEALTH EDU-  
22 CATION.—In addition to any other authorizations of ap-  
23 propriations that are available for the purpose of carrying  
24 out under the Public Health Service Act a program to pro-  
25 vide comprehensive health education to school children,

1 there are authorized to be appropriated for such purpose  
2 \$40,000,000 for fiscal year 1995.

3 (l) PREVENTION AND CONTROL OF SEXUALLY  
4 TRANSMITTED DISEASES.—In addition to any other au-  
5 thorizations of appropriations that are available for the  
6 purpose of carrying out section 318 of the Public Health  
7 Service Act, there are authorized to be appropriated for  
8 such purpose \$10,000,000 for fiscal year 1995.

9 (m) PREVENTION AND CONTROL OF DIABETES.—In  
10 addition to any other authorizations of appropriations that  
11 are available for the purpose of carrying out under the  
12 Public Health Service Act a program for the prevention  
13 and control of diabetes, there are authorized to be appro-  
14 priated for such purpose \$20,000,000 for fiscal year 1995.

15 (n) CHILD DAY CARE HEALTH AND SAFETY.—In ad-  
16 dition to any other authorizations of appropriations that  
17 are available for the purpose of carrying out under the  
18 Public Health Service Act a program for child day care  
19 health and safety, there are authorized to be appropriated  
20 for such purpose \$5,000,000 for fiscal year 1995.

21 (o) PREVENTION AND CONTROL OF INJURIES.—In  
22 addition to any other authorizations of appropriations that  
23 are available for the purpose of carrying out part J of  
24 title III of the Public Health Service Act, there are author-

1 ized to be appropriated for such purpose \$5,000,000 for  
2 fiscal year 1995.

3 (p) ASTHMA.—In addition to any other authoriza-  
4 tions of appropriations that are available for the purpose  
5 of carrying out under the Public Health Service Act a pro-  
6 gram regarding asthma, there are authorized to be appro-  
7 priated for such purpose \$5,000,000 for fiscal year 1995.

8 (q) ENVIRONMENTAL HEALTH.—

9 (1) URGENT THREAT TO PUBLIC HEALTH.—In  
10 addition to any other authorizations of appropria-  
11 tions that are available for the purpose of carrying  
12 out under the Public Health Service Act a program  
13 to respond to urgent environmental threats to the  
14 public health, there are authorized to be appro-  
15 priated for such purpose \$32,000,000 for fiscal year  
16 1995.

17 (2) ACTIVITIES REGARDING BORDER WITH  
18 MEXICO.—In addition to any other authorizations of  
19 appropriations that are available for the purpose of  
20 carrying out under the Public Health Service Act a  
21 program to provide environmental services regarding  
22 the health of individuals in the United States in the  
23 vicinity of the international border with Mexico,  
24 there are authorized to be appropriated for such  
25 purpose \$10,000,000 for fiscal year 1995.



1       (r) BLOCK GRANTS FOR COMMUNITY MENTAL  
2 HEALTH SERVICES.—In addition to any other authoriza-  
3 tions of appropriations that are available for the purpose  
4 of carrying out subpart I of part B of title XIX of the  
5 Public Health Service Act, there are authorized to be ap-  
6 propriated for such purpose \$50,000,000 for fiscal year  
7 1995.

8       (s) BLOCK GRANTS FOR PREVENTION AND TREAT-  
9 MENT OF SUBSTANCE ABUSE.—In addition to any other  
10 authorizations of appropriations that are available for the  
11 purpose of carrying out subpart II of part B of title XIX  
12 of the Public Health Service Act, there are authorized to  
13 be appropriated for such purpose \$50,000,000 for fiscal  
14 year 1995.

15       (t) BLOCK GRANTS FOR PREVENTIVE HEALTH  
16 SERVICES.—In addition to any other authorizations of ap-  
17 propriations that are available for the purpose of carrying  
18 out part A of title XIX of the Public Health Service Act,  
19 there are authorized to be appropriated for such purpose  
20 \$30,000,000 for fiscal year 1995.

21       (u) SCHOLARSHIP AND LOAN REPAYMENT PRO-  
22 GRAMS OF NATIONAL HEALTH SERVICE CORPS.—In addi-  
23 tion to any other authorizations of appropriations that are  
24 available for the purpose of contracts under sections 338A  
25 and 338B of the Public Health Service Act, there are au-

1 thorized to be appropriated for such purpose  
2 \$100,000,000 for fiscal year 1995.

3 (v) SOCIAL SECURITY ACT; MATERNAL AND CHILD  
4 HEALTH BLOCK GRANT.—In addition to any other au-  
5 thorizations of appropriations that are available for the  
6 purpose of carrying out title V of the Social Security Act,  
7 there are authorized to be appropriated for such purpose  
8 \$100,000,000 for fiscal year 1995.

9 **CHAPTER 2—COMMUNITY HEALTH**  
10 **ADVISOR PROGRAM**

11 **SEC. 2311. SHORT TITLE.**

12 This chapter may be cited as the “National Commu-  
13 nity Health Advisor Act”.

14 **SEC. 2312. FINDINGS.**

15 The Congress finds the following:

16 (1) Poverty, geographic isolation, cultural dif-  
17 ferences, lack of transportation, low literacy, lack of  
18 access to services and further difficulties resulting  
19 from a lack of continuity of care, are barriers for  
20 millions of low-income and underserved Americans in  
21 the current health care delivery system.

22 (2) The Public Health Service has determined  
23 that many health problems are rooted in poverty and  
24 hit hardest at those least able to protect themselves.

1           (3) The Public Health Service has established  
2           goals and objectives regarding improvements in the  
3           health of the public by the year 2000. An evaluation  
4           by the Service, entitled “Health United States 1992  
5           and Healthy People 2000 Review”, illustrates the  
6           acute access problem faced by rural areas and the  
7           inner cities. The evaluation cites the fact that sub-  
8           urbs have the lowest death rates, while death rates  
9           in rural counties are 12 percent higher and in large  
10          core metropolitan counties, 19 percent higher.

11          (4) Discussions of health care reform focus al-  
12          most exclusively on questions of how to extend  
13          health insurance to the Nation’s 35–40 million unin-  
14          sured and make services available while simulta-  
15          neously bringing medical costs under control; how-  
16          ever, it is imperative to correct the fundamental and  
17          deep-rooted obstacles that low-income urban and  
18          rural Americans confront when trying to access med-  
19          ical care and preventive health services. For exam-  
20          ple, in 1991, 19 million American women qualified  
21          for mammography screening benefits through Medi-  
22          care; however, only 670,000 (or less than 3 percent)  
23          took advantage of this benefit.

24          (5) People who are local, indigenous members  
25          and residents of underserved communities are

1 uniquely knowledgeable about their populations'  
2 needs; where such individuals are already serving as  
3 community health advisors, they communicate to  
4 health and social service providers the needs of com-  
5 munity members, provide quality health promotion  
6 and disease prevention information to the commu-  
7 nity and serve as the crucial link between their com-  
8 munities and providers to increase utilization of  
9 available preventive health services and to reach out  
10 to communities to increase the effectiveness of the  
11 health care delivery system, reduce preventable mor-  
12 bidity and mortality, and improve the quality of life.

13 **SEC. 2313. FORMULA GRANTS REGARDING COMMUNITY**  
14 **HEALTH ADVISOR PROGRAMS.**

15 (a) FORMULA GRANTS.—

16 (1) IN GENERAL.—In the case of each State (or  
17 entity designated by a State under subsection (b))  
18 that submits to the Secretary an application in ac-  
19 cordance with section 2316 for a fiscal year, the  
20 Secretary of Health and Human Services, acting  
21 through the Director of the Centers for Disease  
22 Control and Prevention and in coordination with the  
23 heads of the agencies specified in paragraph (2),  
24 shall make an award of financial assistance to the  
25 State or entity for the development and operation of

1 community health advisor programs under section  
2 2314(b). The award shall consist of the allotment  
3 determined under section 2317 with respect to the  
4 State, subject to section 2322(b).

5 (2) COORDINATION WITH OTHER AGENCIES.—  
6 The agencies referred to in paragraph (1) regarding  
7 coordination are the Health Resources and Services  
8 Administration, the National Institutes of Health,  
9 and the Substance Abuse and Mental Health Serv-  
10 ices Administration.

11 (b) DESIGNATED ENTITIES.—With respect to the  
12 State involved, an entity other than the State may receive  
13 an award under subsection (a) only if the entity—

14 (1) is a public or nonprofit private academic or-  
15 ganization (or other public or nonprofit private en-  
16 tity); and

17 (2) has been designated by the State to carry  
18 out the purpose described in such subsection in the  
19 State and to receive amounts under such subsection  
20 in lieu of the State.

21 (c) ROLE OF STATE AGENCY FOR PUBLIC  
22 HEALTH.—A funding agreement for an award under sub-  
23 section (a) is that—

24 (1) if the applicant is a State, the award will  
25 be administered by the State agency with the prin-

1        cipal responsibility for carrying out public health  
2        programs; and

3            (2) if the applicant is an entity designated  
4        under subsection (b), the award will be administered  
5        in consultation with such State agency.

6        (d) STATEWIDE RESPONSIBILITIES; LIMITATION ON  
7        EXPENDITURES.—

8            (1) STATEWIDE RESPONSIBILITIES.—A funding  
9        agreement for an award under subsection (a) is that  
10       the applicant involved will—

11            (A) operate a clearinghouse to maintain  
12            and disseminate information on community  
13            health advisor programs (and similar programs)  
14            in the State, including information on develop-  
15            ing and operating such programs, on training  
16            individuals to participate in the programs, and  
17            on evaluation of the programs;

18            (B) provide to community health advisor  
19            programs in the State technical assistance in  
20            training community health advisors under sec-  
21            tion 2315(g)(1); and

22            (C) coordinate the activities carried out in  
23            the State under the award, including coordina-  
24            tion between the various community health ad-  
25            visor programs and coordination between such

1 programs and related activities of the State and  
2 of other public or private entities.

3 (2) LIMITATION.—A funding agreement for an  
4 award under subsection (a) is that the applicant in-  
5 volved will not expend more than 15 percent of the  
6 award in the aggregate for carrying out paragraph  
7 (1) and for the expenses of administering the award  
8 with respect to the State involved, including the  
9 process of receiving payments from the Secretary  
10 under the award, allocating the payments among the  
11 entities that are to develop and operate the commu-  
12 nity health advisor programs involved, and monitor-  
13 ing compliance with the funding agreements made  
14 under this chapter by the applicant.

15 **SEC. 2314. REQUIREMENTS REGARDING COMMUNITY**  
16 **HEALTH ADVISOR PROGRAMS.**

17 (a) PURPOSE OF AWARD; HEALTHY PEOPLE 2000  
18 OBJECTIVES.—

19 (1) IN GENERAL.—Subject to paragraph (2), a  
20 funding agreement for an award under section 2313  
21 for an applicant is that the purpose of the award is,  
22 through community health advisor programs under  
23 subsection (b), to assist the State involved in attain-  
24 ing the Healthy People 2000 Objectives (as defined  
25 in subsection (d)).

1           (2) AUTHORITY REGARDING SELECTION OF PRI-  
2           ORITY OBJECTIVES.—With respect to compliance  
3           with the agreement made under paragraph (1), an  
4           applicant receiving an award under section 2313  
5           may, from among the various Healthy People 2000  
6           Objectives, select one or more Objectives to be given  
7           priority in the operation of a community health advi-  
8           sor program of the applicant, subject to the appli-  
9           cant selecting such priorities in consultation with the  
10          entity that is to carry out the program.

11       (b) REQUIREMENTS FOR PROGRAMS.—

12           (1) IN GENERAL.—A funding agreement for an  
13          award under section 2313 for an applicant is that,  
14          in expending the award, the purpose described in  
15          subsection (a)(1) will be carried out in accordance  
16          with the following:

17               (A) For each community for which the  
18               purpose is to be carried out, the applicant will  
19               establish a program in accordance with this  
20               subsection.

21               (B) The program will be carried out in a  
22               community only if the applicant has, under sec-  
23               tion 2315(a), identified the community as hav-  
24               ing a significant need for the program.



1 (C) The program will be operated by a  
2 public or nonprofit private entity with experi-  
3 ence in providing health or health-related social  
4 services to individuals who are underserved with  
5 respect to such services.

6 (D) The services of the program, as speci-  
7 fied in paragraph (2), will be provided prin-  
8 cipally by community health advisors (as de-  
9 fined in subsection (d)).

10 (2) AUTHORIZED PROGRAM SERVICES.—For  
11 purposes of paragraph (1)(D), the services specified  
12 in this paragraph for a program are as follows:

13 (A) The program will collaborate with  
14 health care providers and related entities in  
15 order to facilitate the provision of health serv-  
16 ices and health-related social services (including  
17 collaborating with local health departments,  
18 community health centers, migrant health cen-  
19 ters, rural health clinics, hospitals, physicians  
20 and nurses, providers of health education, and  
21 providers of social services).

22 (B) The program will provide public edu-  
23 cation on health promotion and disease preven-  
24 tion and facilitate the use of available health  
25 services and health-related social services.

1 (C) The program will provide health-relat-  
2 ed counseling.

3 (D) The program will provide referrals for  
4 available health services and health-related so-  
5 cial services.

6 (E) For the purpose of increasing the ca-  
7 pacity of individuals to utilize health services  
8 and health-related social services under Federal,  
9 State, and local programs, the following condi-  
10 tions will be met:

11 (i) The program will assist individuals  
12 in establishing eligibility under the pro-  
13 grams and in receiving the services or  
14 other benefits of the programs.

15 (ii) The program will provide such  
16 other services as the Secretary determines  
17 to be appropriate, which services may in-  
18 clude (but are not limited to) transpor-  
19 tation and translation services.

20 (F) The program will provide outreach  
21 services to inform the community of the avail-  
22 ability of the services of the program.

23 (c) PRIORITY FOR MEDICALLY UNDERSERVED COM-  
24 MUNITIES.—A funding agreement for an award under sec-  
25 tion 2313 is that the applicant involved will give priority

1 to developing and operating community health advisor  
2 programs for medically underserved communities.

3 (d) CERTAIN DEFINITIONS.—

4 (1) COMMUNITY HEALTH ADVISOR.—For pur-  
5 poses of this chapter, the term “community health  
6 advisor” means an individual—

7 (A) who has demonstrated the capacity to  
8 carry out one or more of the authorized pro-  
9 gram services;

10 (B) who, for not less than 1 year, has been  
11 a resident of the community in which the com-  
12 munity health advisor program involved is to be  
13 operated; and

14 (C) is a member of a socioeconomic group  
15 to be served by the program.

16 (2) HEALTHY PEOPLE 2000 OBJECTIVES.—For  
17 purposes of this chapter, the term “Healthy People  
18 2000 Objectives” means the objectives established by  
19 the Secretary toward the goals of increasing the  
20 span of healthy life, reducing health disparities  
21 among various populations, and providing access to  
22 preventive services, which objectives apply to the  
23 health status of the population of the United States  
24 for the year 2000.

1 (3) MEDICALLY UNDERSERVED COMMUNITY.—

2 For purposes of this chapter, the term “medically  
3 underserved community” means—

4 (A) a community that has a substantial  
5 number of individuals who are members of a  
6 medically underserved population, as defined in  
7 section 330 of the Public Health Service Act; or

8 (B) a community a significant portion of  
9 which is a health professional shortage area  
10 designated under section 332 of such Act.

11 **SEC. 2315. ADDITIONAL AGREEMENTS.**

12 (a) IDENTIFICATION OF COMMUNITY NEEDS.—A  
13 funding agreement for an award under section 2313 is  
14 that the applicant involved will—

15 (1) identify the needs of the community in-  
16 volved for the authorized program services;

17 (2) in identifying such needs, consult with  
18 members of the community, with individuals and  
19 programs that provide health services in the commu-  
20 nity, and with individuals and programs that provide  
21 health-related social services in the community; and

22 (3) consider such needs in carrying out a com-  
23 munity health advisor program for the community.

24 (b) MATCHING FUNDS.—

1           (1) IN GENERAL.—With respect to the cost of  
2           carrying out a community health advisor program, a  
3           funding agreement for an award under section 2313  
4           is that the applicant involved will make available (di-  
5           rectly or through donations from public or private  
6           entities) non-Federal contributions toward such cost  
7           in an amount that is not less than 25 percent of  
8           such cost.

9           (2) DETERMINATION OF AMOUNT CONTRIB-  
10          UTED.—

11                (A) Non-Federal contributions required in  
12                paragraph (1) may be in cash or in kind, fairly  
13                evaluated, including plant, equipment, or serv-  
14                ices. Amounts provided by the Federal Govern-  
15                ment, or services assisted or subsidized to any  
16                significant extent by the Federal Government,  
17                may not be included in determining the amount  
18                of such non-Federal contributions.

19                (B) With respect to the State in which the  
20                community health advisor program involved is  
21                to be carried out, amounts provided by the  
22                State in compliance with subsection (c) shall be  
23                included in determining the amount of non-Fed-  
24                eral contributions under paragraph (1).

1       (c) MAINTENANCE OF EFFORT.—With respect to the  
2 purposes for which an award under section 2313 is au-  
3 thorized in this chapter to be expended, the Secretary may  
4 make such an award only if the State involved agrees to  
5 maintain expenditures of non-Federal amounts for such  
6 purposes at a level that is not less than the level of such  
7 expenditures maintained by the State for the fiscal year  
8 preceding the first fiscal year for which such an award  
9 is made with respect to the State.

10       (d) CULTURAL CONTEXT OF SERVICES.—A funding  
11 agreement for an award under section 2313 for an appli-  
12 cant is that the services of the community health advisor  
13 program involved will be provided in the language and cul-  
14 tural context most appropriate for the individuals served  
15 by the program.

16       (e) NUMBER OF PROGRAMS PER AWARD; PROGRAMS  
17 FOR URBAN AND RURAL AREAS.—A funding agreement  
18 for an award under section 2313 for an applicant is that  
19 the number of community health advisor programs oper-  
20 ated in the State with the award will be determined by  
21 the Secretary, except that (subject to section  
22 2314(b)(1)(B)) such a program will be carried out in not  
23 less than one urban area of the State, and in not less than  
24 one rural area of the State.

1       (f) ONGOING SUPERVISION OF ADVISORS.—A fund-  
2 ing agreement for an award under section 2313 is that  
3 the applicant involved will ensure that each community  
4 health advisor program operated with the award provides  
5 for the ongoing supervision of the community health advi-  
6 sors of the program.

7       (g) CERTAIN EXPENDITURES.—

8           (1) TRAINING; CONTINUING EDUCATION.—  
9 Funding agreements for an award under section  
10 2313 include the following:

11           (A) The applicant involved will ensure  
12 that, for each community health advisor pro-  
13 gram operated with the award, a program is  
14 carried out to train community health advisors  
15 to provide the authorized program services, in-  
16 cluding practical experiences in providing serv-  
17 ices for health promotion and disease preven-  
18 tion.

19           (B) The program of training will provide  
20 for the continuing education of the community  
21 health advisors.

22           (C) Not more than 15 percent of the  
23 award will be expended for the program of  
24 training.

1           (2) COMPENSATION.—With respect to compli-  
2           ance with the agreements made under this chapter,  
3           the purposes for which an award under section 2313  
4           may be expended include providing compensation for  
5           the services of community health advisors.

6           (h) REPORTS TO SECRETARY; ASSESSMENT OF EF-  
7           FECTIVENESS.—Funding agreements for an award under  
8           section 2313 for an applicant include the following:

9           (1) The applicant will ensure that, for each fis-  
10          cal year for which a community health advisor pro-  
11          gram receives amounts from the award, the program  
12          will prepare a report describing the activities of the  
13          program for such year, including—

14                (A) a specification of the number of indi-  
15                viduals served by the program;

16                (B) a specification of the entities with  
17                which the program has collaborated in carrying  
18                out the purpose described in section 2314(a)(1);  
19                and

20                (C) an assessment of the extent of the ef-  
21                fectiveness of the program in carrying out such  
22                purpose.

23          (2) Such reports will include such additional in-  
24          formation regarding the applicant and the programs  
25          as the Secretary may require.



1           (3) The applicant will prepare the reports as a  
2           single document and will submit the document to the  
3           Secretary not later than February 1 of the fiscal  
4           year following the fiscal year for which the reports  
5           were prepared.

6 **SEC. 2316. APPLICATION FOR ASSISTANCE; STATE PLAN.**

7           For purposes of section 2313, an application is in ac-  
8           cordance with this section if—

9           (1) the application is submitted not later than  
10          the date specified by the Secretary;

11          (2) the application contains each funding agree-  
12          ment described in this chapter;

13          (3) the application contains a State plan de-  
14          scribing the purposes for which the award is to be  
15          expended in the State, including a description of the  
16          manner in which the applicant will comply with each  
17          such funding agreement; and

18          (4) the application is in such form, is made in  
19          such manner, and contains such agreements, assur-  
20          ances, and information as the Secretary determines  
21          to be necessary to carry out this chapter.

22 **SEC. 2317. DETERMINATION OF AMOUNT OF ALLOTMENT.**

23          (a) IN GENERAL.—For purposes of section 2313, the  
24          allotment under this section with respect to a State for  
25          a fiscal year is the greater of—

1           (1) the sum of the respective amounts deter-  
2           mined for the State under subsection (b) and sub-  
3           section (c); and

4           (2) \$500,000.

5           (b) AMOUNT RELATING TO POPULATION.—For pur-  
6           poses of subsection (a), the amount determined under this  
7           subsection is the product of—

8           (1) an amount equal to 50 percent of the  
9           amount appropriated under section 2322 for the fis-  
10          cal year and available for awards under section  
11          2313; and

12          (2) the percentage constituted by the ratio of—

13                (A) the number of individuals residing in  
14                the State involved; to

15                (B) the sum of the respective amounts de-  
16                termined for each State under subparagraph  
17                (A).

18          (c) AMOUNT RELATING TO POVERTY LEVEL.—For  
19          purposes of subsection (a), the amount determined under  
20          this subsection is the product of—

21                (1) the amount determined under subsection  
22                (b)(1); and

23                (2) the percentage constituted by the ratio of—

24                        (A) the number of individuals residing in  
25                        the State whose income is at or below an

1 amount equal to 200 percent of the official pov-  
2 erty line; to

3 (B) the sum of the respective amounts de-  
4 termined for each State under subparagraph  
5 (A).

6 **SEC. 2318. QUALITY ASSURANCE; COST-EFFECTIVENESS.**

7 The Secretary shall establish guidelines for assuring  
8 the quality of community health advisor programs (includ-  
9 ing quality in the training of community health advisors)  
10 and for assuring the cost-effectiveness of the programs.  
11 A funding agreement for an award under section 2313 is  
12 that the applicant involved will carry out such programs  
13 in accordance with the guidelines.

14 **SEC. 2319. EVALUATIONS; TECHNICAL ASSISTANCE.**

15 (a) EVALUATIONS.—The Secretary shall conduct  
16 evaluations of community health advisor programs, and  
17 may disseminate information developed as result of the  
18 evaluations. In conducting such evaluations, the Secretary  
19 shall determine whether the programs are in compliance  
20 with the guidelines established under section 2318.

21 (b) TECHNICAL ASSISTANCE.—The Secretary may  
22 provide technical assistance to recipients of awards under  
23 section 2313 with respect to the planning, development,  
24 and operation of community health advisor programs.

1 (c) GRANTS AND CONTRACTS.—The Secretary may  
2 carry out this section directly or through grants, coopera-  
3 tive agreements, or contracts.

4 (d) LIMITATION ON EXPENDITURES.—Of the  
5 amounts appropriated under section 2322 for a fiscal year,  
6 the Secretary may reserve not more than 10 percent for  
7 carrying out this section.

8 **SEC. 2320. RULE OF CONSTRUCTION REGARDING PRO-**  
9 **GRAMS OF INDIAN HEALTH SERVICE.**

10 This chapter may not be construed as requiring the  
11 Secretary to modify or terminate the program carried out  
12 by the Director of the Indian Health Service and des-  
13 ignated by such Director as the Community Health Rep-  
14 resentative Program. The Secretary shall ensure that sup-  
15 port for such Program is not supplanted by awards under  
16 section 2313. In communities in which both such Program  
17 and a community health advisor program are being carried  
18 out, the Secretary shall ensure that the community health  
19 advisor program works in cooperation with, and as a com-  
20 plement to, the Community Health Representative Pro-  
21 gram.

22 **SEC. 2321. DEFINITIONS.**

23 For purposes of this chapter:

1           (1) The term “authorized program services”,  
2           with respect to a community health advisor program,  
3           means the services specified in section 2314(b)(2).

4           (2) The term “community health advisor” has  
5           the meaning given such term in section 2314(d).

6           (3) The term “community health advisor pro-  
7           gram” means a program carried out under section  
8           2314(b).

9           (4) The term “financial assistance”, with re-  
10          spect to an award under section 2313, means a  
11          grant, cooperative agreement, or a contract.

12          (5) The term “funding agreement” means an  
13          agreement required as a condition of receiving an  
14          award under section 2313.

15          (6) The term “Healthy People 2000 Objectives”  
16          has the meaning given such term in section 2314(d).

17          (7) The term “medically underserved commu-  
18          nity” has the meaning given such term in section  
19          2314(d).

20          (8) The term “official poverty line” means the  
21          official poverty line established by the Director of  
22          the Office of Management and Budget and revised  
23          by the Secretary in accordance with section 673(2)  
24          of the Omnibus Budget Reconciliation Act of 1981,

1       which poverty line is applicable the size of the family  
2       involved.

3           (9) The term “Secretary” means the Secretary  
4       of Health and Human Services.

5           (10) The term “State” means each of the sev-  
6       eral States, the District of Columbia, and each of  
7       the Commonwealth of Puerto Rico, American  
8       Samoa, Guam, the Commonwealth of the Northern  
9       Mariana Islands, the Virgin Islands, and the Trust  
10      Territory of the Pacific Islands.

11          (11) The term “State involved”, with respect to  
12      an applicant for an award under section 2313,  
13      means the State in which the applicant is to carry  
14      out a community health advisor program.

15   **SEC. 2322. FUNDING.**

16      (a) AUTHORIZATION OF APPROPRIATIONS.—For the  
17      purpose of carrying out this chapter, there is authorized  
18      to be appropriated \$100,000,000 for each of the fiscal  
19      years 1995 through 2000.

20      (b) EFFECT OF INSUFFICIENT APPROPRIATIONS FOR  
21      MINIMUM ALLOTMENTS.—

22          (1) IN GENERAL.—If the amounts made avail-  
23      able under subsection (a) for a fiscal year are insuf-  
24      ficient for providing each State (or entity designated  
25      by the State pursuant to section 2313, as the case

1 may be) with an award under section 2313 in an  
 2 amount equal to or greater than the amount speci-  
 3 fied in section 2317(a)(2), the Secretary shall, from  
 4 such amounts as are made available under sub-  
 5 section (a), make such awards on a discretionary  
 6 basis.

7 (2) RULE OF CONSTRUCTION.—For purposes of  
 8 paragraph (1), awards under section 2313 are made  
 9 on a discretionary basis if the Secretary determines  
 10 which States (or entities designated by States pursu-  
 11 ant to such section, as the case may be) are to re-  
 12 ceive such awards, subject to meeting the require-  
 13 ments of this chapter for such an award, and the  
 14 Secretary determines the amount of such awards.

15 **Title III—AMENDMENTS OF IN-**  
 16 **TERNAL REVENUE CODE OF**  
 17 **1986**

18 **Subtitle A—Reduction in Employee**  
 19 **Payroll Taxes; Credit for First-**  
 20 **Time Homebuyers**

21 **SEC. 3001. CREDIT FOR PORTION OF SOCIAL SECURITY**  
 22 **TAXES.**

23 (a) GENERAL RULE.—Subpart C of part IV of sub-  
 24 chapter A of chapter 1 of the Internal Revenue Code of  
 25 1986 (relating to refundable credits) is amended by redес-

1 ignating section 35 as section 36 and by inserting after  
2 section 34 the following new section:

3 **“SEC. 35. CREDIT FOR PORTION OF SOCIAL SECURITY**  
4 **TAXES.**

5 “(a) ALLOWANCE OF CREDIT.—In the case of an in-  
6 dividual, there shall be allowed as a credit against the tax  
7 imposed by this subtitle for the taxable year an amount  
8 equal to 20 percent of the taxpayer’s social security taxes  
9 for the taxable year.

10 “(b) LIMITATION.—The amount of the credit allow-  
11 able under subsection (a) to any taxpayer for any taxable  
12 year shall not exceed \$200 (\$400 in the case of a joint  
13 return).

14 “(c) SOCIAL SECURITY TAXES.—For purposes of this  
15 section—

16 “(1) IN GENERAL.—The term ‘social security  
17 taxes’ means, with respect to any taxpayer for any  
18 taxable year—

19 “(A) the amount of the taxes imposed by  
20 subsections (a) and (b) of section 3101 on  
21 amounts received by the taxpayer during the  
22 calendar year in which the taxable year begins,

23 “(B) the amount of the taxes imposed by  
24 section 3201(a) on amounts received by the tax-



1           payer during the calendar year in which the  
2           taxable year begins,

3                 “(C) 50 percent of the taxes imposed by  
4           subsections (a) and (b) of section 1401 on the  
5           self-employment income of the taxpayer for the  
6           taxable year, and

7                 “(D) 50 percent of the taxes imposed by  
8           section 3211(a)(1) on amounts received by the  
9           taxpayer during the calendar year in which the  
10          taxable year begins.

11          “(2) COORDINATION WITH SPECIAL REFUND OF  
12          SOCIAL SECURITY TAXES.—The term ‘social security  
13          taxes’ shall not include any taxes to the extent the  
14          taxpayer is entitled to a special refund of such taxes  
15          under section 6413(c).

16          “(3) SPECIAL RULE.—Any amounts paid pursu-  
17          ant to an agreement under section 3121(l) (relating  
18          to agreements entered into by American employers  
19          with respect to foreign affiliates) which are equiva-  
20          lent to the taxes referred to in paragraph (1)(A)  
21          shall be treated as taxes referred to in such para-  
22          graph.

23          “(d) YEARS TO WHICH SECTION APPLIES.—This  
24          section shall only apply to taxable years beginning after  
25          December 31, 1994, and before January 1, 1997.”

1 (b) CLERICAL AMENDMENT.—The table of sections  
 2 for subpart C of part IV of subchapter A of chapter 1  
 3 is amended by striking the item relating to section 35 and  
 4 inserting the following:

“Sec. 35. Credit for portion of social security taxes.  
 “Sec. 36. Overpayments of tax.”

5 (c) EFFECTIVE DATE.—The amendments made by  
 6 this section shall apply to taxable years beginning after  
 7 December 31, 1994.

8 **SEC. 3002. CREDIT FOR PURCHASE OF PRINCIPAL RESI-**  
 9 **DENCE BY FIRST-TIME HOMEBUYER.**

10 (a) IN GENERAL.—Subpart A of part IV of sub-  
 11 chapter A of chapter 1 (relating to nonrefundable personal  
 12 credits) is amended by inserting after section 22 the fol-  
 13 lowing new section:

14 **“SEC. 23. PURCHASE OF PRINCIPAL RESIDENCE BY FIRST-**  
 15 **TIME HOMEBUYER.**

16 “(a) ALLOWANCE OF CREDIT.—In the case of a first-  
 17 time homebuyer, there shall be allowed as a credit against  
 18 the tax imposed by this chapter an amount equal to 10  
 19 percent of the purchase price of the first principal resi-  
 20 dence purchased by the taxpayer during the eligibility pe-  
 21 riod. Except as otherwise provided in this section, such  
 22 credit shall be allowed for the taxable year in which such  
 23 residence is purchased.

24 “(b) LIMITATIONS.—

1           “(1) MAXIMUM OVERALL CREDIT.—The credit  
2           allowed by subsection (a) to the taxpayer shall not  
3           exceed \$6,000.

4           “(2) PHASEOUT OF CREDIT BASED ON AD-  
5           JUSTED GROSS INCOME.—If the adjusted gross in-  
6           come of the taxpayer for the taxable year in which  
7           the residence is purchased exceeds \$50,000, the  
8           \$6,000 amount in paragraph (1) shall be reduced  
9           (but not below zero) by \$100 for each \$200 of such  
10          excess.

11          “(c) FIRST-TIME HOMEBUYER.—For purposes of  
12          this section—

13               “(1) IN GENERAL.—The term ‘first-time home-  
14               buyer’ means any individual unless such individual  
15               or such individual’s spouse had a present ownership  
16               interest in any residence at any time during the 3-  
17               year period ending on the date of the purchase of  
18               the residence referred to in subsection (a).

19               “(2) UNMARRIED JOINT OWNERS.—An individ-  
20               ual shall not be treated as a first-time homebuyer  
21               with respect to any residence unless all the individ-  
22               uals purchasing such residence with such individual  
23               are first-time homebuyers.

24               “(3) ALLOCATION OF LIMITS.—All individuals  
25               purchasing a residence shall be treated as 1 individ-

1 ual for purposes of determining the maximum credit  
2 under subsection (a); and such maximum credit, and  
3 the \$50,000 amount in subsection (b)(2), shall be al-  
4 located among such individuals under regulations  
5 prescribed by the Secretary.

6 “(4) CERTAIN INDIVIDUALS INELIGIBLE.—The  
7 term ‘first-time homebuyer’ shall not include any in-  
8 dividual if, on the date of the purchase of the resi-  
9 dence, the period of time specified in section 1034(a)  
10 is suspended under subsection (h) or (k) of section  
11 1034 with respect to such individual.

12 “(5) CERTAIN INDIRECT INTERESTS NOT  
13 TAKEN INTO ACCOUNT.—Except as provided in regu-  
14 lations prescribed by the Secretary, an individual  
15 shall not be treated as holding an interest in a resi-  
16 dence by reason of holding an interest in a partner-  
17 ship, S corporation, or trust.

18 “(d) OTHER DEFINITIONS.—For purposes of this  
19 section—

20 “(1) ELIGIBILITY PERIOD.—

21 “(A) IN GENERAL.—The term ‘eligibility  
22 period’ means the period beginning after De-  
23 cember 31, 1994, and ending before January 1,  
24 1997.

1           “(B) BINDING CONTRACTS.—A residence  
2           shall be treated as purchased during the eligi-  
3           bility period if—

4                   “(i) during the eligibility period, the  
5                   purchaser enters into a binding contract to  
6                   purchase the residence, and

7                   “(ii) the purchaser purchases and oc-  
8                   cupies the residence before July 1, 1997.

9           For purposes of clause (i), a contract shall not  
10          fail to be treated as binding merely because it  
11          is contingent on financing or on the condition  
12          of the residence.

13          “(2) PURCHASE.—The term ‘purchase’ means  
14          any acquisition of property, but only if—

15                   “(A) the property is not acquired from a  
16                   person whose relationship to the person acquir-  
17                   ing it would result in the disallowance of losses  
18                   under section 267 or 707(b), and

19                   “(B) the basis of the property in the hands  
20                   of the person acquiring it is not determined—

21                           “(i) in whole or in part by reference  
22                           to the adjusted basis of such property in  
23                           the hands of the person from whom ac-  
24                           quired, or

1 “(ii) under section 1014(a) (relating  
2 to property acquired from a decedent).

3 “(3) PRINCIPAL RESIDENCE.—The term ‘prin-  
4 cipal residence’ has the same meaning as when used  
5 in section 1034.

6 “(4) PURCHASE PRICE.—The term ‘purchase  
7 price’ means the adjusted basis of the residence on  
8 the date of its acquisition.

9 “(e) CARRYOVER OF UNUSED CREDIT.—

10 “(1) IN GENERAL.—If—

11 “(A) the credit allowable under subsection  
12 (a) after the application of subsection (b) ex-  
13 ceeds

14 “(B) the limitation imposed by section  
15 26(a) reduced by the sum of the credits allow-  
16 able under sections 21 and 22,

17 such excess shall be carried to the succeeding tax-  
18 able year and shall be allowable under subsection (a)  
19 for such succeeding taxable year.

20 “(2) 5-YEAR LIMIT ON CARRYFORWARD.—No  
21 amount may be carried under paragraph (1) to any  
22 taxable year after the 5th taxable year after the tax-  
23 able year in which the residence is purchased.

24 “(f) RECAPTURE OF CREDIT FOR CERTAIN DISPOSI-  
25 TIONS.—

1           “(1) IN GENERAL.—Except as provided in para-  
2       graphs (2) and (3), if the taxpayer disposes of prop-  
3       erty with respect to the purchase of which a credit  
4       was allowed under subsection (a) and such disposi-  
5       tion occurs at any time within 36 months after the  
6       date the taxpayer acquired the property as his prin-  
7       cipal residence, then the tax imposed under this  
8       chapter for the taxable year in which the disposition  
9       occurs is increased by an amount equal to the  
10      amount allowed as a credit for the purchase of such  
11      property.

12          “(2) ACQUISITION OF NEW RESIDENCE.—If, in  
13      connection with a disposition described in paragraph  
14      (1) and within the applicable period prescribed in  
15      section 1034, the taxpayer purchases a new principal  
16      residence, then paragraph (1) shall not apply and  
17      the tax imposed by this chapter for the taxable year  
18      in which the new principal residence is purchased is  
19      increased to the extent the amount of the credit that  
20      could be claimed under this section on the purchase  
21      of the new residence (were such residence purchased  
22      during the eligibility period) is less than the amount  
23      of credit claimed by the taxpayer under this section.

1           “(3) DEATH OF OWNER; CASUALTY LOSS; IN-  
2       VOLUNTARY CONVERSION; ETC.—Paragraph (1)  
3       shall not apply to—

4           “(A) a disposition of a residence made on  
5       account of the death of any individual having a  
6       legal or equitable interest therein occurring dur-  
7       ing the 36-month period referred to in para-  
8       graph (1),

9           “(B) a disposition of the old residence if it  
10      is substantially or completely destroyed by a  
11      casualty described in section 165(c)(3) or  
12      compulsorily or involuntarily converted (within  
13      the meaning of section 1033(a)), or

14          “(C) a disposition pursuant to a settlement  
15      in a divorce or legal separation proceeding  
16      where the residence is sold or the other spouse  
17      retains the residence as a principal residence.

18      “(g) BASIS ADJUSTMENT.—For purposes of this sub-  
19      title, if a credit is allowed under this section with respect  
20      to the purchase of any residence, the basis of such resi-  
21      dence shall be reduced by the amount of the credit so al-  
22      lowed.”.

23      (b) CONFORMING AMENDMENTS.—

24          (1) Subsection (a) of section 1016 is amended  
25      by striking “and” at the end of paragraph (24), by



1 striking the period at the end of paragraph (25) and  
 2 inserting “, and”, and by adding at the end thereof  
 3 the following new paragraph:

4 “(26) in the case of a residence with respect to  
 5 which a credit was allowed under section 23, to the  
 6 extent provided in section 23(g).”

7 (2) The table of sections for subpart A of part  
 8 IV of subchapter A of chapter 1 is amended by in-  
 9 serting after the item relating to section 22 the fol-  
 10 lowing new item:

“Sec. 23. Purchase of principal residence by first-time home-  
 buyer.”

11 (c) EFFECTIVE DATE.—The amendments made by  
 12 this section shall apply to taxable years ending after De-  
 13 cember 31, 1994.

## 14 **Subtitle B—Revenue Increases**

### 15 **SEC. 3101. STOCK TRANSFER EXCISE TAX.**

16 (a) IN GENERAL.—Chapter 34 of the Internal Reve-  
 17 nue Code of 1986 is amended by striking the chapter  
 18 heading and inserting the following:

## 19 **“CHAPTER 34—TAX ON CERTAIN** 20 **FINANCIAL TRANSACTIONS**

“Subchapter A. Tax on stock transfers.

“Subchapter B. Policies issued by foreign insurers.

## 21 **“SUBCHAPTER A—TAX ON STOCK TRANSFERS**

“Sec. 4301. Imposition of tax.

“Sec. 4302. Collection of tax.

“Sec. 4303. Taxable stock transfer.

“Sec. 4304. Taxable stock.

1   **“SEC. 4301. IMPOSITION OF TAX.**

2           “(a) IN GENERAL.—There is hereby imposed on each  
3 taxable stock transfer a tax equal to 0.25 percent of the  
4 amount realized by the transferor of the taxable stock.

5           “(b) AMOUNT REALIZED.—For purposes of sub-  
6 section (a)—

7               “(1) IN GENERAL.—Except as otherwise pro-  
8 vided in this subsection, the term ‘amount realized’  
9 has the same meaning as when used in section 1001.

10              “(2) TRANSFERS WHICH ARE NOT SALES OR  
11 EXCHANGES.—In the case of any taxable stock  
12 transfer which is not a sale or exchange, the amount  
13 realized is the fair market value of the taxable stock  
14 involved.

15              “(3) CERTAIN ITEMS NOT TAKEN INTO AC-  
16 COUNT.—The following amounts shall not be taken  
17 into account in computing the amount realized from  
18 any taxable stock transfer:

19                      “(A) The tax imposed by this section.

20                      “(B) Any brokerage or similar fees or com-  
21 missions.

22                      “(C) Any State, local or foreign tax im-  
23 posed on the taxable stock transfer.

1       “(c) TAX PAID BY TRANSFEROR.—The tax imposed  
2 by subsection (a) shall be paid by the transferor of the  
3 taxable stock.

4       **“SEC. 4302. COLLECTION OF TAX.**

5       “(a) COLLECTED BY BROKER.—Every broker who—

6               “(1) acts on behalf of the transferor in any tax-  
7       able stock transfer, and

8               “(2) receives any payment on behalf of the  
9       transferor for such transfer,

10 shall collect the amount of the tax imposed by section  
11 4301 by deducting and withholding such tax from the  
12 amount of any such payment. Any person required to de-  
13 duct and withhold any tax under the preceding sentence  
14 is hereby made liable for such tax and is hereby indem-  
15 nified against the claims and demands of any person for  
16 the amount of any payment so deducted and withheld.

17       “(b) PAYMENT BY TRANSFEROR WHERE NO  
18 BROKER.—In any case in which there is no broker re-  
19 quired to collect the tax under subsection (a), the trans-  
20 feror shall pay such tax in such manner as the Secretary  
21 shall by regulations prescribe.

22       **“SEC. 4303. TAXABLE STOCK TRANSFER.**

23       “(a) GENERAL RULE.—For purposes of this sub-  
24 chapter, the term ‘taxable stock transfer’ means any  
25 transfer of a taxable stock if such transfer is made

1 through an established securities market in the United  
2 States.

3 “(b) EXEMPTIONS.—For purposes of this subchapter,  
4 the term ‘taxable stock transfer’ does not include—

5 “(1) DEATH.—Any transfer at death.

6 “(2) GIFT.—Any transfer to the extent such  
7 transfer is a gift.

8 “(3) BETWEEN SPOUSES OR INCIDENT TO DI-  
9 VORCE.—Any transfer described in section 1041(a).

10 **“SEC. 4304. TAXABLE STOCK DEFINED.**

11 “(a) TAXABLE STOCK.—For purposes of this sub-  
12 chapter, the term ‘taxable stock’ means any stock in a cor-  
13 poration or interest in a partnership which is publicly  
14 traded on an established securities market in the United  
15 States.

16 “SUBCHAPTER B—POLICIES ISSUED BY FOREIGN  
17 INSURERS”.

18 (b) CONFORMING AMENDMENTS.—

19 (1) The table of chapters for subtitle D of such  
20 Code is amended by striking the item relating to  
21 chapter 34 and inserting the following:

“Chapter 34. Tax on certain financial transactions.”

22 (2) Sections 4372(c) and 4374 of such Code  
23 are each amended by striking “this chapter” and in-  
24 serting “this subchapter”.

1 (c) EFFECTIVE DATE.—The amendments made by  
2 this section shall apply to transfers after December 31,  
3 1996.

4 **SEC. 3102. REPEAL OF PREFERENTIAL RATE OF TAX ON**  
5 **CAPITAL GAINS.**

6 (a) IN GENERAL.—Section 1 of the Internal Revenue  
7 Code of 1986 is amended by striking subsection (h).

8 (b) CONFORMING AMENDMENTS.—

9 (1) Paragraph (4) of section 691(c) of such  
10 Code is amended by striking “1(h),”.

11 (2)(A) Subparagraph (B) of section 904(b)(2)  
12 of such Code is amended by striking “In the case of  
13 any taxable year” and inserting “In the case of a  
14 corporation with respect to any taxable year”.

15 (B) Subparagraph (D) of section 904(b)(3) of  
16 such Code is amended by striking “if—” and all  
17 that follows through “(ii) in the case of a corpora-  
18 tion,” and inserting “if”.

19 (C) Subparagraph (E) of section 904(b)(3) of  
20 such Code is amended to read as follows:

21 “(E) RATE DIFFERENTIAL PORTION.—The  
22 rate differential portion of foreign source net  
23 capital gain, net capital gain, or the excess of  
24 net capital gain from sources within the United

1 States over net capital gain, as the case may  
2 be, is the same proportion of such amount as—

3 “(i) the excess of—

4 “(I) the highest rate of tax speci-  
5 fied in section 11(b), over

6 “(II) the alternative rate of tax  
7 under section 1201(a), bears to

8 “(ii) the highest rate of tax specified  
9 in section 11(b).”

10 (3) Paragraph (1) of section 1445(e) of such  
11 Code is amended by striking “(or, to the extent pro-  
12 vided in regulations, 28 percent)”.

13 (4)(A) The second sentence of section  
14 7518(g)(6)(A) of such Code is amended—

15 (i) by striking “With respect to” and in-  
16 serting “In the case of a corporation, with re-  
17 spect to”,

18 (ii) by striking “1(h) or”, and

19 (iii) by striking “28 percent (34 percent in  
20 the case of a corporation” and inserting “34  
21 percent”.

22 (B) The second sentence of section  
23 607(h)(6)(A) of the Merchant Marine Act, 1936 is  
24 amended—

1 (i) by striking “With respect to” and in-  
 2 serting “In the case of a corporation, with re-  
 3 spect to”,

4 (ii) by striking “1(h) or”, and

5 (iii) by striking “28 percent (34 percent in  
 6 the case of a corporation” and inserting “34  
 7 percent”.

8 (c) EFFECTIVE DATE.—The amendments made by  
 9 this section shall apply to taxable years beginning after  
 10 December 31, 1996.

11 **SEC. 3103. CARRYOVER BASIS AT DEATH.**

12 (a) GENERAL RULE.—Part II of subchapter O of  
 13 chapter 1 of subtitle A of the Internal Revenue Code of  
 14 1986 is amended by inserting after section 1021 the fol-  
 15 lowing new section:

16 **“SEC. 1022. CARRYOVER BASIS FOR CERTAIN PROPERTY**  
 17 **ACQUIRED FROM A DECEDENT.**

18 “(a) CARRYOVER BASIS.—

19 “(1) IN GENERAL.—Except as otherwise pro-  
 20 vided in this section, the basis of carryover basis  
 21 property in the hands of a person acquiring such  
 22 property from a decedent is—

23 “(A) its initial basis, increased by

24 “(B) its section 1022 adjustment deter-  
 25 mined under subsection (c).

1           “(2) INITIAL BASIS.—The initial basis of carry-  
2           over basis property is its adjusted basis for purposes  
3           of determining gain immediately before the death of  
4           the decedent, adjusted as provided in subsection (d).

5           “(3) FAIR MARKET VALUE RULE FOR ESTATES  
6           HAVING \$600,000 OR LESS OF PROPERTY DESCRIBED  
7           IN SECTION 1022(b).—

8           “(A) IN GENERAL.—In the case of any de-  
9           cedent dying after December 31, 1996, if the  
10          aggregate fair market value of the property  
11          which (but for this paragraph) would be carry-  
12          over basis property is \$600,000 or less, then—

13               “(i) this section (other than this para-  
14               graph) shall not apply to such property,  
15               and

16               “(ii) the basis of such property in the  
17               hands of the person acquiring it shall be  
18               determined under section 1014.

19           “(B) ELECTION WITH RESPECT TO TAN-  
20           GIBLE PERSONAL PROPERTY DISREGARDED.—  
21           For purposes of subparagraph (A), the deter-  
22           mination of what would be carryover basis  
23           property shall be made without regard to any  
24           election under subsection (b)(3).

25           “(4) ELECTION OF MARK-TO-MARKET.—



1           “(A) IN GENERAL.—If the executor elects  
2           this paragraph with respect to all property  
3           which (but for this paragraph) would be carry-  
4           over basis property, then—

5                   “(i) this section (other than this para-  
6                   graph) shall not apply to such property,  
7                   and

8                   “(ii) the basis of such property in the  
9                   hands of the person acquiring it shall be  
10                  determined under section 1014.

11           “(B) EFFECT OF ELECTION.—If an elec-  
12           tion under this paragraph applies to any prop-  
13           erty, such property shall be treated as sold (for  
14           its value determined for purposes of chapter  
15           11) on the date of the decedent’s death (and  
16           any gain or loss shall be treated as received or  
17           accrued on such date).

18           “(C) DISTRIBUTIONS IN REDEMPTION OF  
19           STOCK TO PAY TAX.—Section 303 shall be ap-  
20           plied—

21                   “(i) by treating subsection (a)(1)  
22                   thereof as including a reference to the tax  
23                   imposed by this chapter by reason of the  
24                   election under this paragraph, and

1           “(ii) by determining the period of dis-  
2           tribution with respect to such tax without  
3           regard to subparagraph (C) of section  
4           303(b)(1) and as if subparagraphs (A) and  
5           (B) thereof referred only to the tax im-  
6           posed by this chapter.

7           “(D) ELECTION.—An election under this  
8           paragraph shall be made by the executor not  
9           later than the date prescribed for filing the re-  
10          turn of the tax imposed by chapter 11 (includ-  
11          ing extensions thereof), and shall be made on  
12          such return. Such an election, once made, shall  
13          be irrevocable.

14          “(b) CARRYOVER BASIS PROPERTY DEFINED.—

15               “(1) IN GENERAL.—For purposes of this sec-  
16          tion, the term ‘carryover basis property’ means any  
17          property—

18                       “(A) which is acquired from or passed  
19                       from a decedent who died after December 31,  
20                       1996, and

21                       “(B) which is not excluded pursuant to  
22                       paragraph (2) or (3).

23          The property taken into account under subpara-  
24          graph (A) shall be determined under section 1014(b)

1 without regard to subparagraph (A) of the last sen-  
2 tence of paragraph (9) thereof.

3 “(2) CERTAIN PROPERTY NOT CARRYOVER  
4 BASIS PROPERTY.—The term ‘carryover basis prop-  
5 erty’ does not include—

6 “(A) property which—

7 “(i) was acquired from the decedent  
8 before the decedent’s death, and

9 “(ii) was sold, exchanged, or otherwise  
10 disposed of before the decedent’s death by  
11 the person so acquiring it,

12 “(B) any item of gross income in respect  
13 of a decedent described in section 691;

14 “(C) property described in section 2042  
15 (relating to proceeds of life insurance); and

16 “(D) property described in section  
17 1014(b)(5).

18 “(3) \$25,000 EXCLUSION FOR TANGIBLE PER-  
19 SONAL PROPERTY.—

20 “(A) EXCLUSION.—The term ‘carryover  
21 basis property’ does not include any tangible  
22 personal property—

23 “(i) which, in the hands of the dece-  
24 dent, was a capital asset, and

1           “(ii) with respect to which the execu-  
2           tor has made an election under this para-  
3           graph.

4           “(B) LIMITATION.—The fair market value  
5           of all assets designated under this subsection  
6           with respect to any decedent shall not exceed  
7           \$25,000.

8           “(C) ELECTION.—An election under this  
9           paragraph with respect to any asset shall be  
10          made by the executor not later than the date  
11          prescribed for filing the return of the tax im-  
12          posed by chapter 11 (including extensions  
13          thereof), and shall be made on such return.

14          “(c) SECTION 1022 ADJUSTMENT.—

15               “(1) IN GENERAL.—The section 1022 adjust-  
16               ment for any carryover basis property is the sum  
17               of—

18                       “(A) the minimum basis adjustment for  
19                       such property, and

20                       “(B) the death tax adjustment for such  
21                       property.

22          “(2) MINIMUM BASIS ADJUSTMENT.—

23               “(A) IN GENERAL.—The minimum basis  
24               adjustment for any carryover basis property is  
25               the portion of the aggregate minimum basis ad-

1       justment which is allocated to the property pur-  
2       suant to this section.

3               “(B) AGGREGATE MINIMUM BASIS ADJUST-  
4       MENT.—In the case of any estate, the aggre-  
5       gate minimum basis adjustment is the amount  
6       (if any) by which—

7                       “(i) \$600,000, exceeds

8                       “(ii) the aggregate of the initial bases  
9       of all carryover basis property.

10       “(3) DEATH TAX ADJUSTMENT.—

11               “(A) IN GENERAL.—The death tax adjust-  
12       ment for any carryover basis property is the  
13       portion of the aggregate death tax adjustment  
14       which is allocated to the property pursuant to  
15       this section.

16               “(B) LIMITATION.—The death tax adjust-  
17       ment for any property shall not exceed—

18                       “(i) the net appreciation in such prop-  
19       erty, multiplied by

20                       “(ii) the Federal marginal estate tax  
21       rate.

22               “(C) NET APPRECIATION.—For purposes  
23       of this subsection, the net appreciation in value  
24       of any property is the amount by which—

1 “(i) the fair market value of such  
2 property, exceeds

3 “(ii) the initial basis of such property  
4 increased by the minimum basis adjust-  
5 ment of such property.

6 “(4) AGGREGATE DEATH TAX ADJUSTMENT.—

7 In the case of any estate—

8 “(A) IN GENERAL.—The aggregate death  
9 tax adjustment is the product of—

10 “(i) the aggregate net appreciation of  
11 all carryover basis properties which have  
12 net appreciation, and

13 “(ii) the Federal marginal estate tax  
14 rate.

15 “(B) LIMITATION.—The amount taken  
16 into account under subparagraph (A)(i) shall  
17 not exceed the greater of—

18 “(i) \$250,000, or

19 “(ii) the taxable estate.

20 “(C) FEDERAL MARGINAL ESTATE TAX  
21 RATE.—The term ‘Federal marginal estate tax  
22 rate’ means the highest rate in the rate sched-  
23 ule set forth in section 2001(c)—

1           “(i) which is used in determining the  
2           tentative tax under section 2001(b)(1) with  
3           respect to the estate of the decedent, and  
4           “(ii) the amount subject to which is at  
5           least \$50,000.

6           In no event shall the Federal marginal estate  
7           tax rate be less than 30 percent.

8           “(5) ALLOCATION RULES.—

9           “(A) IN GENERAL.—The executor shall al-  
10          locate the adjustments under this subsection  
11          among the carryover basis properties on the re-  
12          turn of the tax imposed by chapter 11.

13          “(B) CHANGES IN ALLOCATION.—Any allo-  
14          cation made pursuant to subparagraph (A) may  
15          be changed at any time before the close of the  
16          30th day after the initial basis finality date.  
17          The allocation in effect at the close of such  
18          30th day may be changed only with the consent  
19          of the Secretary.

20          “(C) INITIAL BASIS FINALITY DATE.—For  
21          purposes of this paragraph, the term ‘initial  
22          basis finality date’ means the last day on which  
23          the initial basis of property may be changed in  
24          an administrative or judicial proceeding re-  
25          ferred to in section 7479.

1 “(d) FRESH START ADJUSTMENT.—

2 “(1) MARKETABLE SECURITIES.—If—

3 “(A) the adjusted basis immediately before  
4 the death of the decedent of any property which  
5 is carryover basis property reflects the adjusted  
6 basis of any marketable security on December  
7 31, 1996, and

8 “(B) the fair market value of such security  
9 on December 31, 1996, exceeded its adjusted  
10 basis on such date,

11 then the adjusted basis of such property shall be in-  
12 creased to reflect the excess referred to in subpara-  
13 graph (B).

14 “(2) OTHER PROPERTY.—

15 “(A) IN GENERAL.—For purposes of this  
16 section, if the holding period for any property  
17 other than a marketable security includes De-  
18 cember 31, 1996, the adjusted basis of such  
19 property immediately before the death of the  
20 decedent shall be treated as being not less than  
21 the greatest of the amounts determined under  
22 subparagraph (B).

23 “(B) DETERMINATION USING DISCOUNT  
24 BACK METHOD.—The amount determined under  
25 this subparagraph for any property is—



1           “(i) the fair market value of such  
2           property, divided by

3           “(ii) 1.005 to the ‘nth’ power where  
4           ‘n’ equals the number of full calendar  
5           months which have elapsed between De-  
6           cember 31, 1996, and the date of the dece-  
7           dent’s death.

8           Except as provided in subparagraph (C), the  
9           amount determined under this subparagraph  
10          shall not be less than 25 percent of the fair  
11          market value of the property.

12          “(C) SUBSTANTIAL IMPROVEMENT OR  
13          OTHER CHANGE AFTER 1992.—Under regula-  
14          tions prescribed by the Secretary, proper ad-  
15          justment shall be made in the adjustment under  
16          subparagraph (B) or (C) for any property with  
17          respect to which there has been a substantial  
18          improvement or other change after December  
19          31, 1996.

20          “(3) ONLY ONE FRESH START.—There shall be  
21          no increase in basis under this subsection by reason  
22          of the death of any decedent if the adjusted basis of  
23          the property in the hands of such decedent reflects  
24          the adjusted basis of property which was carryover  
25          basis property with respect to a prior decedent.

1 “(4) CERTAIN PREFERRED STOCK.—

2 “(A) IN GENERAL.—For purposes of this  
3 subsection, preferred stock which was issued  
4 and outstanding on December 31, 1996, and  
5 which, but for this subparagraph, would not be  
6 a marketable security shall be treated as a mar-  
7 ketable security the fair market value of which,  
8 on December 31, 1996, is its stated redemption  
9 price on such date excluding any dividends in  
10 arrears.

11 “(B) PREFERRED STOCK DEFINED.—For  
12 purposes of subparagraph (A), the term ‘pre-  
13 ferred stock’ means any stock which—

14 “(i) is fixed and preferred as to divi-  
15 dends and does not participate in corporate  
16 growth to any significant extent, and

17 “(ii) is not convertible into any other  
18 class of stock.

19 “(5) CERTAIN OTHER PROPERTY.—In the case  
20 of any property which, as of December 31, 1996,  
21 had a value which was readily ascertainable (whether  
22 because of a buy-sell agreement, a redemption value,  
23 or otherwise) by a method other than appraisal, the  
24 Secretary may by regulations provide rules similar to  
25 the rules provided by paragraph (1).

1           “(6) DEFINITIONS.—For purposes of this sub-  
2       section—

3           “(A) MARKETABLE SECURITY.—Except as  
4       provided in paragraphs (4) and (5), the term  
5       ‘marketable security’ means any security for  
6       which, as of December 1996, there was a mar-  
7       ket on a stock exchange, in an over-the-counter  
8       market, or otherwise.

9           “(B) HOLDING PERIOD.—The term ‘hold-  
10      ing period’ means, with respect to any carryover  
11      basis property, the period during which the de-  
12      cedent (or, if any other person held such prop-  
13      erty immediately before the death of the dece-  
14      dent, such other person) held such property as  
15      determined under section 1223; except that  
16      such period shall end on the date of the dece-  
17      dent’s death.

18          “(e) SPECIAL RULES AND DEFINITIONS.—For pur-  
19      poses of this section—

20          “(1) TREATMENT OF ITEMS ON A CLASS  
21      BASIS.—Under regulations prescribed by the Sec-  
22      retary, the holding periods, bases, and fair market  
23      value of similar items falling within the same class  
24      of property may be determined on a class basis rath-  
25      er than on an individual item basis.

1           “(2) IMPROVEMENTS TO PRINCIPAL RESI-  
2       DENCE.—

3           “(A) IN GENERAL.—If—

4               “(i) property was used by the dece-  
5       dent as his principal residence, and

6               “(ii) the decedent’s holding period for  
7       such property began after December 31,  
8       1996,

9       then in determining the decedent’s adjusted  
10      basis for such property immediately before the  
11      death of the decedent the improvements to such  
12      residence for each calendar year during which  
13      the decedent held it and used it as his principal  
14      residence shall be deemed to be not less than  
15      \$250.

16           “(B) SPECIAL RULES.—For purposes of  
17      subparagraph (A):

18               “(i) The term ‘principal residence’ has  
19       the same meaning as when used in section  
20       1034.

21               “(ii) The period taken into account  
22       shall include any period during the dece-  
23       dent’s holding period for this residence  
24       during which the decedent held a prior  
25       principal residence.

1           “(iii) Holding and use by the decedent  
2           for more than 182 days in a calendar year  
3           shall be treated as holding and use by the  
4           decedent throughout the calendar year.

5           “(iv) Holding and use by the spouse  
6           of the decedent shall be treated as holding  
7           and use by the decedent.

8           “(3) DECEDENT’S BASIS UNKNOWN.—If the  
9           facts necessary to determine the basis (unadjusted)  
10          of carryover basis property immediately before the  
11          death of the decedent are unknown and cannot rea-  
12          sonably be ascertained, such basis shall be treated as  
13          being the fair market value of such property as of  
14          the date (or approximate date) at which such prop-  
15          erty was acquired by the decedent or by the last pre-  
16          ceding owner in whose hands it did not have a basis  
17          determined in whole or in part by reference to its  
18          basis in the hands of a prior holder.

19          “(4) PERSONAL AND HOUSEHOLD EFFECTS.—

20               “(A) LOSS.—In the case of any carryover  
21          basis property which, in the hands of the dece-  
22          dent, was a personal or household effect, for  
23          purposes of determining loss the basis of such  
24          property in the hands of the person acquiring

1       such property from the decedent shall not ex-  
2       ceed its fair market value.

3               “(B) DETERMINATION OF MINIMUM  
4       BASIS.—In determining under subsection  
5       (c)(2)(B) the aggregate of the initial bases of  
6       all carryover basis property, the basis of any  
7       property which is a personal or household effect  
8       shall be treated as not greater than the fair  
9       market value of such property.

10              “(5) FAIR MARKET VALUE.—For purposes of  
11       this section, when not otherwise distinctly expressed,  
12       the term ‘fair market value’ means value as deter-  
13       mined under chapter 11 (without regard to whether  
14       there is a mortgage on, or indebtedness in respect  
15       of, the property).

16              “(6) FAIR MARKET VALUE LIMITATION.—The  
17       adjustments under subsections (c) and (d) shall not  
18       increase the basis of property above its fair market  
19       value.

20              “(7) PROPERTY PASSING FROM THE DECE-  
21       DENT.—For purposes of this section, property pass-  
22       ing from the decedent shall be treated as property  
23       acquired from the decedent.

24              “(8) NONRESIDENTS NOT CITIZENS.—In the  
25       case of a decedent who was (at the time of his

1 death) a nonresident not a citizen of the United  
2 States—

3 “(A) subsections (a)(3) and (b)(4) shall  
4 not apply,

5 “(B) there shall be no section 1022 adjust-  
6 ment other than the death tax adjustment, and

7 “(C) in applying subsection (c)(6)(C)—

8 “(i) the reference to section 2001(c)  
9 shall be treated as referring to section  
10 2101(d),

11 “(ii) the reference to section  
12 2001(b)(1) shall be treated as referring to  
13 section 2101(b)(1), and

14 “(iii) 6 percent shall be substituted  
15 for 30 percent.

16 “(f) SPECIAL RULE WHERE PROPERTY SOLD TO  
17 FUND DEATH TAXES.—

18 “(1) IN GENERAL.—If the executor elects the  
19 benefits of this subsection, subsection (c)(5)(B) shall  
20 not apply to carryover basis property—

21 “(A) which is a capital asset or property  
22 described in section 1231 in the hands of the  
23 estate or the person acquiring the property  
24 from the decedent, and

1           “(B) is sold or exchanged by the estate or  
2           such person on or before the 30th day after the  
3           initial basis finality date.

4           “(2) LIMITATION.—The fair market value of all  
5           assets to which the election under this subsection  
6           applies shall not exceed the sum of the items set  
7           forth in paragraphs (1) and (2) of section 303(a).

8           “(3) ELECTION REQUIREMENTS.—An election  
9           under this subsection may be made only:

10           “(A) TIME.—On or before the 30th day  
11           after the initial basis finality date.

12           “(B) IF CLOSELY HELD INTEREST.—If the  
13           executor may make an election under section  
14           6166.

15           “(g) REGULATIONS.—The Secretary shall prescribe  
16           such regulations as may be necessary to carry out the pur-  
17           poses of this section.”

18           (b) TERMINATION OF APPLICATION OF SECTION  
19           1014, ETC.—

20           (1) Section 1014 (relating to basis of property  
21           acquired from a decedent) is amended by adding at  
22           the end thereof the following new subsection:

23           “(f) DECEDENTS DYING AFTER DECEMBER 31,  
24           1996.—In the case of a decedent dying after December



1 31, 1996, this section shall not apply to property for which  
 2 a carryover basis is provided by section 1022.”

3 (2) Subsection (a) of section 1016 (relating to  
 4 adjustments to basis) is amended by striking “and”  
 5 at the end of paragraph (23), by striking the period  
 6 at the end of paragraph (24) and inserting “; and”,  
 7 and by adding at the end thereof the following new  
 8 paragraph:

9 “(25) to the extent provided in section 1022  
 10 (relating to carryover basis for certain property ac-  
 11 quired from a decedent dying after December 31,  
 12 1996).”

13 (c) NONRECOGNITION OF GAIN, ETC. WHERE CER-  
 14 TAIN APPRECIATED CARRYOVER BASIS PROPERTY IS  
 15 USED IN SATISFACTION OF A PECUNIARY BEQUEST.—

16 (1) NONRECOGNITION OF GAIN.—

17 (A) IN GENERAL.—Part III of subchapter  
 18 O of chapter 1 (relating to common nontaxable  
 19 exchanges) is amended by adding at the end  
 20 thereof the following new section:

21 **“SEC. 1043. USE OF CERTAIN APPRECIATED CARRYOVER**  
 22 **BASIS PROPERTY TO SATISFY PECUNIARY**  
 23 **BEQUEST.**

24 “(a) GENERAL RULE.—If the executor of the estate  
 25 of any decedent satisfies the right of any person to receive

1 a pecuniary bequest with appreciated carryover basis prop-  
2 erty, then gain on such exchange shall be recognized to  
3 the estate only to the extent that, on the date of such ex-  
4 change, the fair market value of such property exceeds the  
5 value of such property for purposes of chapter 11.

6 “(b) SIMILAR RULE FOR CERTAIN TRUSTS.—To the  
7 extent provided in regulations prescribed by the Secretary,  
8 a rule similar to the rule provided in subsection (a) shall  
9 apply where—

10 “(1) by reason of the death of the decedent, a  
11 person has a right to receive from a trust a specific  
12 dollar amount which is the equivalent of a pecuniary  
13 bequest, and

14 “(2) the trustee of the trust satisfies such right  
15 with carryover basis property to which section 1022  
16 applies.

17 “(c) BASIS OF PROPERTY ACQUIRED IN EXCHANGE  
18 DESCRIBED IN SUBSECTION (a) OR (b).—The basis of  
19 property acquired in an exchange with respect to which  
20 gain realized is not recognized by reason of subsection (a)  
21 or (b) shall be the basis of such property immediately be-  
22 fore the exchange, increased by the amount of the gain  
23 recognized to the estate or trust on the exchange.”

1 (B) CLERICAL AMENDMENT.—The table of  
2 sections for such part III is amended by adding  
3 at the end thereof the following new item:

“Sec. 1043. Use of certain appreciated carryover basis property  
to satisfy pecuniary bequest.”

4 (2) LIMITATION ON RECAPTURE RULES IN CASE  
5 OF CARRYOVER BASIS PROPERTY TRANSFERRED TO  
6 SATISFY PECUNIARY BEQUEST.—

7 (A) AMENDMENT OF SECTION 1245.—Sub-  
8 section (b) of section 1245 (relating to excep-  
9 tions and limitations) is amended by adding at  
10 the end thereof the following new paragraph:

11 “(9) TRANSFERS OF CARRYOVER BASIS PROP-  
12 erty TO SATISFY PECUNIARY BEQUEST.—If prop-  
13 erty is disposed of and gain (determined without re-  
14 gard to this section) is not recognized in whole or  
15 in part under section 1043, then the amount of gain  
16 taken into account by the transferor under sub-  
17 section (a)(1) shall not exceed the amount of gain  
18 recognized to the transferor on such disposition (de-  
19 termined without regard to this section).”

20 (B) AMENDMENT TO SECTION 1250.—Sub-  
21 section (d) of section 1250 (relating to excep-  
22 tions and limitations) is amended by adding at  
23 the end thereof the following new paragraph:

1           “(11) TRANSFERS OF CARRYOVER BASIS PROP-  
 2       ERTY TO SATISFY PECUNIARY BEQUEST.—If prop-  
 3       erty is disposed of and gain (determined without re-  
 4       gard to this section) is not recognized in whole or  
 5       in part under section 1043, then the amount of gain  
 6       taken into account by the transferor under sub-  
 7       section (a) shall not exceed the amount of gain rec-  
 8       ognized to the transferor on such disposition (deter-  
 9       mined without regard to this section).”

10       (d) PROCEDURE FOR BINDING DETERMINATION OF  
 11   INITIAL BASIS.—

12           (1) IN GENERAL.—Part IV of subchapter C of  
 13       chapter 76 (relating to declaratory judgments) is  
 14       amended by adding at the end thereof the following  
 15       new section:

16   **“SEC. 7479. PROCEDURE FOR BINDING DETERMINATION**  
 17                   **OF INITIAL BASIS OF CARRYOVER BASIS**  
 18                   **PROPERTY.**

19       “(a) ADMINISTRATIVE AUDIT.—

20           “(1) DESIGNATION BY EXECUTOR.—An execu-  
 21       tor may request the Secretary to audit the initial  
 22       basis of any carryover basis property which is shown  
 23       on the return of the tax imposed by chapter 11. Any  
 24       such request shall be made on such return.

1           “(2) AUTHORITY OF THE SECRETARY.—For  
2           purposes of examining the correctness of the initial  
3           basis of any property with respect to which an ex-  
4           ecutor has made a request under paragraph (1), the  
5           Secretary shall have the same authority as if he  
6           were determining the liability of any person for a tax  
7           imposed by this title.

8           “(b) JUDICIAL REVIEW.—

9           “(1) BRINGING OF ACTION.—If the executor  
10          and the Secretary have not entered into an agree-  
11          ment described in subsection (c)(2) with respect to  
12          any property for which a request has been made  
13          under subsection (a)(1), the executor may bring an  
14          action in the Tax Court with respect to such prop-  
15          erty.

16          “(2) DECLARATION BY TAX COURT.—Upon the  
17          filing of an appropriate pleading in an action  
18          brought under paragraph (1), the Tax Court may  
19          make a declaration of the initial basis of the prop-  
20          erty with respect to which such an action is brought.  
21          Any such declaration shall be final and conclusive  
22          and shall not be reviewed by any other court.

23          “(3) TIME FOR BRINGING ACTION.—No action  
24          may be brought under this subsection with respect  
25          to any property unless the pleading is filed—

1           “(A) after the expiration of 1 year after  
2           the date on which the executor made a request  
3           under subsection (a)(1) with respect to such  
4           property, and

5           “(B) before the 91st day after the later  
6           of—

7                   “(i) the day on which the Secretary  
8                   sends by certified or registered mail a noti-  
9                   fication of his disagreement with the initial  
10                  basis of the property shown on the return  
11                  of the tax imposed by chapter 11, or

12                  “(ii) the expiration of the 1-year pe-  
13                  riod referred to in subparagraph (A).

14           “(c) BINDING EFFECT OF DETERMINATIONS.—

15                  “(1) NO NOTICE FROM SECRETARY.—If—

16                   “(A) an executor makes a request under  
17                   subsection (a)(1) with respect to the initial  
18                   basis of any property, and

19                   “(B) before the date 3 years after the day  
20                   on which such request is made, the Secretary  
21                   does not send to the executor by certified or  
22                   registered mail notice of his disagreement with  
23                   the initial basis of such property shown on the  
24                   return of the tax imposed by chapter 11,

1       then the initial basis so shown shall be binding and  
2       conclusive on the Secretary and on any person whose  
3       basis in such property is affected by such initial  
4       basis unless any such person establishes a different  
5       initial basis to the satisfaction of the Secretary.

6           “(2) AGREEMENT BETWEEN SECRETARY AND  
7       EXECUTOR.—If the executor and the Secretary sign  
8       a written agreement as to the initial basis of any  
9       property with respect to which the executor made a  
10      request under subsection (a)(1), such agreement  
11      shall be binding and conclusive on the Secretary and  
12      on any person whose basis in such property is af-  
13      fected by the initial basis in the same manner as if  
14      such agreement were a closing agreement under sec-  
15      tion 7121 between the Secretary and such person.

16          “(3) TAX COURT DECISION BINDING ON  
17      HEIRS.—Any declaration of the initial basis of any  
18      property made by the Tax Court which has become  
19      final shall also be binding on any person whose basis  
20      in the property is affected by the initial basis.

21          “(d) INTERVENTION.—Any person whose basis in any  
22      property is affected by the initial basis of any property  
23      shall be allowed to intervene in any administrative or judi-  
24      cial proceeding under this section with respect to such  
25      property.

1 “(e) DEFINITIONS.—

2 “(1) IN GENERAL.—Terms used in this section  
3 which are also used in section 1022 shall have the  
4 meanings as when used in section 1022.

5 “(2) ESTATES NOT REQUIRED TO FILE ESTATE  
6 TAX RETURNS.—In the case of any estate with re-  
7 spect to which a return of the tax imposed by chap-  
8 ter 11 is not required, any reference in this section  
9 or in section 1022 to such a return shall be treated  
10 as a reference to a return required under section  
11 6039F(a).”

12 (2) COMMISSIONERS.—Subsection (c) of section  
13 7456 (relating to Tax Court commissioners) is  
14 amended by striking out “and 7478” and inserting  
15 in lieu thereof “7478, and 7479”.

16 (e) INFORMATION RETURNS; ASSESSABLE PENALTY  
17 FOR NEGLIGENT OR FRAUDULENT OVERSTATEMENT OF  
18 INITIAL BASIS; PENALTIES FOR FAILURE TO FURNISH  
19 INFORMATION.—

20 (1) INFORMATION RETURNS.—Subpart A of  
21 part III of subchapter A of chapter 61 (relating to  
22 information concerning persons subject to special  
23 provisions) is amended by adding after section  
24 6039E the following new section:



1 **“SEC. 6039F. INFORMATION REGARDING CARRYOVER BASIS**

2 **PROPERTY ACQUIRED FROM A DECEDENT.**

3 “(a) IN GENERAL.—Every executor (as defined in  
4 section 2203) shall furnish the Secretary such information  
5 with respect to carryover basis property to which section  
6 1022 applies as the Secretary may by regulations pre-  
7 scribe.

8 “(b) STATEMENTS TO BE FURNISHED TO PERSONS  
9 WHO ACQUIRE PROPERTY FROM A DECEDENT.—Every  
10 executor who is required to furnish information under sub-  
11 section (a) shall furnish in writing to each person acquir-  
12 ing an item of such property from the decedent (or to  
13 whom the item passes from the decedent) the adjusted  
14 basis of such item.”

15 (2) PENALTIES.—Part I of subchapter B of  
16 chapter 68 (relating to assessable penalties) is  
17 amended by adding at the end thereof the following  
18 new section:

19 **“SEC. 6714. FAILURE TO FILE INFORMATION WITH RESPECT**

20 **TO CARRYOVER BASIS PROPERTY.**

21 “(a) INFORMATION REQUIRED TO BE FURNISHED  
22 TO THE SECRETARY.—Any executor who fails to furnish  
23 information required under section 6039F(a) on the date  
24 prescribed therefor (determined with regard to any exten-  
25 sion of time for filing) shall, if such failure is due to neg-  
26 ligence or intentional disregard of rules and regulations,

1 pay a penalty of \$100 for each such failure, but the total  
2 amount imposed for all such failures shall not exceed  
3 \$5,000.

4 “(b) INFORMATION REQUIRED TO BE FURNISHED  
5 TO BENEFICIARIES.—Any executor who fails to furnish in  
6 writing to each person described in section 6039F(b) the  
7 information required under such section shall, if such fail-  
8 ure is due to negligence or intentional disregard of rules  
9 and regulations, pay a penalty of \$50 for each such fail-  
10 ure, but the total amount imposed for all such failures  
11 shall not exceed \$2,500.

12 “(c) NEGLIGENT OR FRAUDULENT OVERSTATEMENT  
13 OF INITIAL BASIS.—

14 “(1) NEGLIGENT OVERSTATEMENT.—If any  
15 part of an initial basis overstatement is due to neg-  
16 ligence or intentional disregard of rules and regula-  
17 tions (but without intent to defraud) by the execu-  
18 tor, such executor shall pay a penalty equal to 10  
19 percent of such overstatement.

20 “(2) FRAUDULENT OVERSTATEMENT.—If any  
21 part of an initial basis overstatement is due to fraud  
22 by the executor, such executor shall pay a penalty  
23 equal to 30 percent of such overstatement.

1           “(3) INITIAL BASIS OVERSTATEMENT DE-  
2       FINED.—For purposes of this subsection, the term  
3       ‘initial basis overstatement’ means the excess of—

4           “(A) the initial basis of any carryover basis  
5       property shown on the return of the tax im-  
6       posed by chapter 11 (or, if no such return is re-  
7       quired, a return required under section  
8       6039F(a)), over

9           “(B) the amount determined to be the ini-  
10      tial basis of such property.

11      “(d) DEFICIENCY PROCEDURES NOT TO APPLY.—  
12      Subchapter B of chapter 63 (relating to deficiency proce-  
13      dures for income, estate, gift, and certain excise taxes)  
14      shall not apply in respect of the assessment or collection  
15      of any penalty imposed by this section.”

16      (3) CLERICAL AMENDMENTS.—

17           (A) The table of sections for subpart A of  
18      part III of subchapter A of chapter 61 is  
19      amended by adding after the item relating to  
20      section 6039E the following new item:

“Sec. 6039F. Information regarding carryover basis property ac-  
quired from a decedent.”

21           (B) The table of sections for part I of sub-  
22      chapter B of chapter 68 is amended by adding  
23      at the end thereof the following new item:

“Sec. 6714. Failure to file information with respect to carryover  
basis property.”

1 (f) \$125,000 EXCLUSION MADE AVAILABLE TO  
 2 SPOUSE OF DECEDENT IN CERTAIN CASES.—Paragraph  
 3 (2) of section 121(d) (relating to property of deceased  
 4 spouse) is amended by striking the period at the end  
 5 thereof and inserting in lieu thereof “, and, if the deceased  
 6 spouse attained age 55 before the date of his death, then  
 7 such individual shall be treated as satisfying the age re-  
 8 quirement of subsection (a)(1) with respect to such prop-  
 9 erty.”

10 (g) EFFECTIVE DATE.—The amendments made by  
 11 this section shall apply to estates of decedents dying after  
 12 December 31, 1996.

13 **SEC. 3104. MISCELLANEOUS AMENDMENTS RELATED TO**  
 14 **CARRYOVER BASIS.**

15 (a) ALLOWANCE OF CAPITAL LOSS CARRYOVERS TO  
 16 AN ESTATE.—Section 642 (relating to special rules for  
 17 credits and deductions for estates and trusts) is amended  
 18 by redesignating subsection (j) as (k) and by inserting  
 19 after subsection (i) the following new subsection:

20 “(j) UNUSED CAPITAL LOSS CARRYOVER TRANS-  
 21 FERRED TO ESTATE.—In the case of a decedent with re-  
 22 spect to whom section 1022 (relating to carryover basis  
 23 property) applies, if, but for this subsection, part or all  
 24 of any capital loss carryover under section 1212(b) for the  
 25 decedent’s last taxable year would be lost, then, in accord-

1 ance with regulations prescribed by the Secretary, the es-  
 2 tate shall be allowed such carryover under section 1212(b)  
 3 beginning with the estate's first taxable year."

4 (b) CAPITAL GAIN TREATMENT FOR INHERITED ART  
 5 WORK OR SIMILAR PROPERTY.—

6 (1) IN GENERAL.—Subparagraph (C) of section  
 7 1221(3) (defining capital asset) is amended by in-  
 8 serting "(other than by reason of section 1022)"  
 9 after "is determined".

10 (2) COORDINATION WITH SECTION 170.—Para-  
 11 graph (1) of section 170(e) is amended by adding at  
 12 the end thereof the following new sentence: "For  
 13 purposes of this paragraph, the determination of  
 14 whether property is a capital asset shall be made  
 15 without regard to the exception contained in section  
 16 1221(3)(C) for basis determined under section  
 17 1022."

18 (c) EFFECTIVE DATE.—The amendments made by  
 19 this section shall apply to the estates of decedents dying  
 20 after December 31, 1996.

## 21 **TITLE IV—APPROPRIATIONS**

### 22 **SEC. 4001. APPROPRIATIONS.**

23 There is hereby appropriated for any fiscal year, out  
 24 of any money in the Treasury not otherwise appropriated,  
 25 an amount equal to each amount authorized by this Act

1 for such fiscal year. Any amount appropriated under the  
 2 preceding sentence for any fiscal year shall be expended  
 3 only for the purpose for which authorized and shall remain  
 4 available until the close of the second following fiscal year.

5 **SEC. 4002. DESIGNATION AS EMERGENCY REQUIREMENT.**

6 The entire amount appropriated under this Act is  
 7 designated by Congress as an emergency requirement pur-  
 8 suant to section 251(b)(2)(D)(i) of the Balanced Budget  
 9 and Emergency Deficit Control Act of 1985.

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