

108<sup>TH</sup> CONGRESS  
2<sup>D</sup> SESSION

# S. 2386

[Report No. 108-258]

To authorize appropriations for fiscal year 2005 for intelligence and intelligence-related activities of the United States Government, the Intelligence Community Management Account, and the Central Intelligence Agency Retirement and Disability System, and for other purposes.

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IN THE SENATE OF THE UNITED STATES

MAY 5, 2004

Mr. ROBERTS, from the Select Committee on Intelligence, reported the following original bill; which was read twice and placed on the calendar

MAY 7, 2004

Referred to the Committee on Armed Services pursuant to Section 3(b) of S. Res. 400, 94th Congress, for a period not to exceed 30 days of session

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## A BILL

To authorize appropriations for fiscal year 2005 for intelligence and intelligence-related activities of the United States Government, the Intelligence Community Management Account, and the Central Intelligence Agency Retirement and Disability System, 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,*

1 **SECTION 1. SHORT TITLE; TABLE OF CONTENTS.**

2 (a) **SHORT TITLE.**—This Act may be cited as the  
3 “Intelligence Authorization Act for Fiscal Year 2005”.

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

Sec. 1. Short title; table of contents.

**TITLE I—INTELLIGENCE ACTIVITIES**

Sec. 101. Authorization of appropriations.

Sec. 102. Classified schedule of authorizations.

Sec. 103. Personnel ceiling adjustments.

Sec. 104. Intelligence Community Management Account.

Sec. 105. Incorporation of reporting requirements.

Sec. 106. Specific authorization of funds for intelligence or intelligence-related activities for which fiscal year 2004 appropriations exceed amounts authorized.

**TITLE II—CENTRAL INTELLIGENCE AGENCY RETIREMENT AND  
DISABILITY SYSTEM**

Sec. 201. Authorization of appropriations.

**TITLE III—GENERAL PROVISIONS**

Sec. 301. Increase in employee compensation and benefits authorized by law.

Sec. 302. Restriction on conduct of intelligence activities.

Sec. 303. Modification of authority to obligate and expend certain funds for intelligence activities.

Sec. 304. Treatment as agent of a foreign power under the Foreign Intelligence Surveillance Act of 1978 of non-United States persons who engage in international terrorism without affiliation with international terrorist groups.

Sec. 305. Additional annual reporting requirements under the Foreign Intelligence Surveillance Act of 1978.

Sec. 306. Repeal of limitation on length of service as member of the Select Committee on Intelligence of the Senate.

**TITLE IV—CENTRAL INTELLIGENCE AGENCY**

Sec. 401. Permanent extension of Central Intelligence Agency voluntary separation incentive program.

Sec. 402. Intelligence operations and cover enhancement authority.

**TITLE V—DEPARTMENT OF DEFENSE INTELLIGENCE MATTERS**

Sec. 501. Repeal of sunset on authority to engage in commercial activities as security for intelligence collection activities.

Sec. 502. Defense intelligence exemption from certain Privacy Act requirements.

Sec. 503. Use of funds for counterdrug and counterterrorism activities for Colombia.

1                   **TITLE I—INTELLIGENCE**  
2                   **ACTIVITIES**

3 **SEC. 101. AUTHORIZATION OF APPROPRIATIONS.**

4           Funds are hereby authorized to be appropriated for  
5 fiscal year 2005 for the conduct of the intelligence and  
6 intelligence-related activities of the following elements of  
7 the United States Government:

8                   (1) The Central Intelligence Agency.

9                   (2) The Department of Defense.

10                  (3) The Defense Intelligence Agency.

11                  (4) The National Security Agency.

12                  (5) The Department of the Army, the Depart-  
13                  ment of the Navy, and the Department of the Air  
14                  Force.

15                  (6) The Department of State.

16                  (7) The Department of the Treasury.

17                  (8) The Department of Energy.

18                  (9) The Department of Justice.

19                  (10) The Federal Bureau of Investigation.

20                  (11) The National Reconnaissance Office.

21                  (12) The National Geospatial-Intelligence Agen-  
22                  cy.

23                  (13) The Coast Guard.

24                  (14) The Department of Homeland Security.

1 **SEC. 102. CLASSIFIED SCHEDULE OF AUTHORIZATIONS.**

2 (a) SPECIFICATIONS OF AMOUNTS AND PERSONNEL  
3 CEILINGS.—The amounts authorized to be appropriated  
4 under section 101, and the authorized personnel ceilings  
5 as of September 30, 2005, for the conduct of the intel-  
6 ligence and intelligence-related activities of the elements  
7 listed in such section, are those specified in the classified  
8 Schedule of Authorizations prepared to accompany the  
9 conference report on the bill \_\_\_\_\_ of the One Hundred  
10 Eighth Congress.

11 (b) AVAILABILITY OF CLASSIFIED SCHEDULE OF AU-  
12 THORIZATIONS.—The Schedule of Authorizations shall be  
13 made available to the Committees on Appropriations of  
14 the Senate and House of Representatives and to the Presi-  
15 dent. The President shall provide for suitable distribution  
16 of the Schedule, or of appropriate portions of the Sched-  
17 ule, within the executive branch.

18 **SEC. 103. PERSONNEL CEILING ADJUSTMENTS.**

19 (a) AUTHORITY FOR ADJUSTMENTS.—With the ap-  
20 proval of the Director of the Office of Management and  
21 Budget, the Director of Central Intelligence may authorize  
22 employment of civilian personnel in excess of the number  
23 authorized for fiscal year 2005 under section 102 when  
24 the Director of Central Intelligence determines that such  
25 action is necessary to the performance of important intel-  
26 ligence functions, except that the number of personnel em-

1 ployed in excess of the number authorized under such sec-  
2 tion may not, for any element of the intelligence commu-  
3 nity, exceed 2 percent of the number of civilian personnel  
4 authorized under such section for such element.

5 (b) NOTICE TO INTELLIGENCE COMMITTEES.—The  
6 Director of Central Intelligence shall promptly notify the  
7 Select Committee on Intelligence of the Senate and the  
8 Permanent Select Committee on Intelligence of the House  
9 of Representatives whenever the Director exercises the au-  
10 thority granted by this section.

11 **SEC. 104. INTELLIGENCE COMMUNITY MANAGEMENT AC-**  
12 **COUNT.**

13 (a) AUTHORIZATION OF APPROPRIATIONS.—There is  
14 authorized to be appropriated for the Intelligence Commu-  
15 nity Management Account of the Director of Central Intel-  
16 ligence for fiscal year 2005 the sum of \$342,995,000.  
17 Within such amount, funds identified in the classified  
18 Schedule of Authorizations referred to in section 102(a)  
19 for advanced research and development shall remain avail-  
20 able until September 30, 2006.

21 (b) AUTHORIZED PERSONNEL LEVELS.—The ele-  
22 ments within the Intelligence Community Management  
23 Account of the Director of Central Intelligence are author-  
24 ized 310 full-time personnel as of September 30, 2005.  
25 Personnel serving in such elements may be permanent em-

1 ployees of the Intelligence Community Management Ac-  
2 count or personnel detailed from other elements of the  
3 United States Government.

4 (c) CLASSIFIED AUTHORIZATIONS.—

5 (1) AUTHORIZATION OF APPROPRIATIONS.—In  
6 addition to amounts authorized to be appropriated  
7 for the Intelligence Community Management Ac-  
8 count by subsection (a), there are also authorized to  
9 be appropriated for the Intelligence Community  
10 Management Account for fiscal year 2005 such addi-  
11 tional amounts as are specified in the classified  
12 Schedule of Authorizations referred to in section  
13 102(a). Such additional amounts for research and  
14 development shall remain available until September  
15 30, 2006.

16 (2) AUTHORIZATION OF PERSONNEL.—In addi-  
17 tion to the personnel authorized by subsection (b)  
18 for elements of the Intelligence Community Manage-  
19 ment Account as of September 30, 2005, there are  
20 also authorized such additional personnel for such  
21 elements as of that date as are specified in the clas-  
22 sified Schedule of Authorizations.

23 (d) REIMBURSEMENT.—Except as provided in section  
24 113 of the National Security Act of 1947 (50 U.S.C.  
25 404h), during fiscal year 2005 any officer or employee of

1 the United States or a member of the Armed Forces who  
2 is detailed to the staff of the Intelligence Community Man-  
3 agement Account from another element of the United  
4 States Government shall be detailed on a reimbursable  
5 basis, except that any such officer, employee, or member  
6 may be detailed on a nonreimbursable basis for a period  
7 of less than one year for the performance of temporary  
8 functions as required by the Director of Central Intel-  
9 ligence.

10 (e) NATIONAL DRUG INTELLIGENCE CENTER.—

11 (1) IN GENERAL.—Of the amount authorized to  
12 be appropriated in subsection (a), \$34,911,000 shall  
13 be available for the National Drug Intelligence Cen-  
14 ter. Within such amount, funds provided for re-  
15 search, development, testing, and evaluation pur-  
16 poses shall remain available until September 30,  
17 2006, and funds provided for procurement purposes  
18 shall remain available until September 30, 2007.

19 (2) TRANSFER OF FUNDS.—The Director of  
20 Central Intelligence shall transfer to the Attorney  
21 General funds available for the National Drug Intel-  
22 ligence Center under paragraph (1). The Attorney  
23 General shall utilize funds so transferred for the ac-  
24 tivities of the National Drug Intelligence Center.

1           (3) LIMITATION.—Amounts available for the  
2           National Drug Intelligence Center may not be used  
3           in contravention of the provisions of section  
4           103(d)(1) of the National Security Act of 1947 (50  
5           U.S.C. 403–3(d)(1)).

6           (4) AUTHORITY.—Notwithstanding any other  
7           provision of law, the Attorney General shall retain  
8           full authority over the operations of the National  
9           Drug Intelligence Center.

10 **SEC. 105. INCORPORATION OF REPORTING REQUIRE-**  
11 **MENTS.**

12           (a) IN GENERAL.—Each requirement to submit a re-  
13           port to the congressional intelligence committees that is  
14           included in the joint explanatory statement to accompany  
15           the conference report on the bill \_\_\_\_ of the One Hundred  
16           Eighth Congress, or in the classified annex to this Act,  
17           is hereby incorporated into this Act, and is hereby made  
18           a requirement in law.

19           (b) CONGRESSIONAL INTELLIGENCE COMMITTEES  
20           DEFINED.—In this section, the term “congressional intel-  
21           ligence committees” means—

22           (1) the Select Committee on Intelligence of the  
23           Senate; and

24           (2) the Permanent Select Committee on Intel-  
25           ligence of the House of Representatives.



1 **SEC. 106. SPECIFIC AUTHORIZATION OF FUNDS FOR INTEL-**  
 2 **LIGENCE OR INTELLIGENCE-RELATED AC-**  
 3 **TIVITIES FOR WHICH FISCAL YEAR 2004 AP-**  
 4 **PROPRIATIONS EXCEED AMOUNTS AUTHOR-**  
 5 **IZED.**

6 Funds appropriated for an intelligence or intel-  
 7 ligence-related activity of the United States Government  
 8 for fiscal year 2004 in excess of the amount specified for  
 9 such activity in the classified Schedule of Authorizations  
 10 prepared to accompany the Intelligence Authorization Act  
 11 for Fiscal Year 2004 (Public Law 108–177; 117 Stat.  
 12 2599) shall be deemed to be specifically authorized by  
 13 Congress for purposes of section 504(a)(3) of the National  
 14 Security Act of 1947 (50 U.S.C. 414(a)(3)).

15 **TITLE II—CENTRAL INTEL-**  
 16 **LIGENCE AGENCY RETIRE-**  
 17 **MENT AND DISABILITY SYS-**  
 18 **TEM**

19 **SEC. 201. AUTHORIZATION OF APPROPRIATIONS.**

20 There is authorized to be appropriated for the Cen-  
 21 tral Intelligence Agency Retirement and Disability Fund  
 22 for fiscal year 2005 the sum of \$239,400,000.

1                   **TITLE III—GENERAL**  
2                   **PROVISIONS**

3 **SEC. 301. INCREASE IN EMPLOYEE COMPENSATION AND**  
4                   **BENEFITS AUTHORIZED BY LAW.**

5           Appropriations authorized by this Act for salary, pay,  
6 retirement, and other benefits for Federal employees may  
7 be increased by such additional or supplemental amounts  
8 as may be necessary for increases in such compensation  
9 or benefits authorized by law.

10 **SEC. 302. RESTRICTION ON CONDUCT OF INTELLIGENCE**  
11                   **ACTIVITIES.**

12           The authorization of appropriations by this Act shall  
13 not be deemed to constitute authority for the conduct of  
14 any intelligence activity which is not otherwise authorized  
15 by the Constitution or the laws of the United States.

16 **SEC. 303. MODIFICATION OF AUTHORITY TO OBLIGATE AND**  
17                   **EXPEND CERTAIN FUNDS FOR INTELLIGENCE**  
18                   **ACTIVITIES.**

19           Section 504(a)(3) of the National Security Act of  
20 1947 (50 U.S.C. 414(a)(3)) is amended—

21                   (1) in subparagraph (A), by inserting “and” at  
22                   the end;

23                   (2) by striking subparagraph (B); and

24                   (3) by redesignating subparagraph (C) as sub-  
25                   paragraph (B).

1 **SEC. 304. TREATMENT AS AGENT OF A FOREIGN POWER**  
2 **UNDER THE FOREIGN INTELLIGENCE SUR-**  
3 **VEILLANCE ACT OF 1978 OF NON-UNITED**  
4 **STATES PERSONS WHO ENGAGE IN INTER-**  
5 **NATIONAL TERRORISM WITHOUT AFFILI-**  
6 **ATION WITH INTERNATIONAL TERRORIST**  
7 **GROUPS.**

8 (a) IN GENERAL.—Section 101(b)(1) of the Foreign  
9 Intelligence Surveillance Act of 1978 (50 U.S.C.  
10 1801(b)(1)) is amended by adding at the end the following  
11 new subparagraph:

12 “(C) engages in international terrorism or  
13 activities in preparation therefor; or”.

14 (b) SUNSET.—The amendment made by subsection  
15 (a) shall be subject to the sunset provision in section 224  
16 of the USA PATRIOT Act of 2001 (Public Law 107–56;  
17 115 Stat. 295), including the exception provided in sub-  
18 section (b) of such section 224.

19 **SEC. 305. ADDITIONAL ANNUAL REPORTING REQUIRE-**  
20 **MENTS UNDER THE FOREIGN INTELLIGENCE**  
21 **SURVEILLANCE ACT OF 1978.**

22 (a) ADDITIONAL REPORTING REQUIREMENTS.—The  
23 Foreign Intelligence Surveillance Act of 1978 (50 U.S.C.  
24 1801 et seq.) is amended—

25 (1) by redesignating title VI as title VII;

1 (2) by redesignating section 601 as section 701;

2 and

3 (3) by inserting after title V the following new

4 title VI:

5 “TITLE VI—REPORTING REQUIREMENT

6 “ANNUAL REPORT OF THE ATTORNEY GENERAL

7 “SEC. 601. (a) In addition to the reports required  
8 by sections 107, 108, 306, 406, and 502 in April each  
9 year, the Attorney General shall submit to the appropriate  
10 committees of Congress each year a report setting forth  
11 with respect to the one-year period ending on the date of  
12 such report—

13 “(1) the aggregate number of non-United  
14 States persons targeted for orders issued under this  
15 Act, including a break-down of those targeted for—

16 “(A) electronic surveillance under section  
17 105;

18 “(B) physical searches under section 304;

19 “(C) pen registers under section 402; and

20 “(D) access to records under section 501;

21 “(2) the number of individuals covered by an  
22 order issued under this Act who were determined  
23 pursuant to activities authorized by this Act to have  
24 acted wholly alone in the activities covered by such  
25 order;

1           “(3) the number of times that the Attorney  
2           General has authorized that information obtained  
3           under this Act may be used in a criminal proceeding  
4           or any information derived therefrom may be used  
5           in a criminal proceeding; and

6           “(4) in a manner consistent with the protection  
7           of the national security of the United States—

8                   “(A) the portions of the documents and  
9                   applications filed with the courts established  
10                  under section 103 that include significant con-  
11                  struction or interpretation of the provisions of  
12                  this Act, not including the facts of any par-  
13                  ticular matter, which may be redacted; and

14                   “(B) the portions of the opinions and or-  
15                  ders of the courts established under section 103  
16                  that include significant construction or interpre-  
17                  tation of the provisions of this Act, not includ-  
18                  ing the facts of any particular matter, which  
19                  may be redacted.

20           “(b) The first report under this section shall be sub-  
21           mitted not later than six months after the date of the en-  
22           actment of this Intelligence Authorization Act for Fiscal  
23           Year 2005. Subsequent reports under this section shall be  
24           submitted annually thereafter.

1 “(c) In this section, the term ‘appropriate committees  
2 of Congress’ means—

3 “(1) the Select Committee on Intelligence and  
4 the Committee on the Judiciary of the Senate; and

5 “(2) the Permanent Select Committee on Intel-  
6 ligence and the Committee on the Judiciary of the  
7 House of Representatives.”.

8 (b) CLERICAL AMENDMENT.—The table of contents  
9 for that Act is amended by striking the items relating to  
10 title VI and inserting the following new items:

“TITLE VI—REPORTING REQUIREMENT

“Sec. 601. Annual report of the Attorney General.

“TITLE VII—EFFECTIVE DATE

“Sec. 701. Effective date.”.

11 **SEC. 306. REPEAL OF LIMITATION ON LENGTH OF SERVICE**  
12 **AS MEMBER OF THE SELECT COMMITTEE ON**  
13 **INTELLIGENCE OF THE SENATE.**

14 (a) REPEAL.—Section 2 of Senate Resolution 400  
15 (94th Congress) is amended—

16 (1) by striking subsection (b); and

17 (2) by redesignating subsection (c) as sub-  
18 section (b).

19 (b) RULES OF THE SENATE.—Subsection (a) is en-  
20 acted—

21 (1) as an exercise of the rulemaking power of  
22 the Senate; and

1           (2) with full recognition of the constitutional  
2 right of the Senate to change the rules of the Senate  
3 at any time and to the same extent as in the case  
4 of any other rule of the Senate.

5                           **TITLE IV—CENTRAL**  
6                           **INTELLIGENCE AGENCY**

7 **SEC. 401. PERMANENT EXTENSION OF CENTRAL INTEL-**  
8                           **LIGENCE AGENCY VOLUNTARY SEPARATION**  
9                           **INCENTIVE PROGRAM.**

10           (a) **IN GENERAL.**—Section 2 of the Central Intel-  
11 ligence Agency Voluntary Separation Pay Act (50 U.S.C.  
12 403–4 note) is amended—

13                   (1) by striking subsection (f); and

14                   (2) by redesignating subsections (g) and (h) as  
15 subsections (f) and (g), respectively.

16           (b) **TERMINATION OF FUNDS REMITTANCE RE-**  
17 **QUIREMENT.**—(1) Section 2 of such Act is further amend-  
18 ed by striking subsection (i).

19                   (2) Section 4(a)(2)(B)(ii) of the Federal Workforce  
20 Restructuring Act of 1994 (5 U.S.C. 8331 note) is amend-  
21 ed by striking “, or section 2 of the Central Intelligence  
22 Agency Voluntary Separation Pay Act (Public Law 103–  
23 36; 107 Stat. 104)”.

1 **SEC. 402. INTELLIGENCE OPERATIONS AND COVER EN-**  
2 **HANCEMENT AUTHORITY.**

3 The Central Intelligence Agency Act of 1949 (50  
4 U.S.C. 403a et seq.) is amended by adding at the end the  
5 following:

6 “INTELLIGENCE OPERATIONS AND COVER ENHANCEMENT  
7 AUTHORITY

8 “SEC. 23. (a) DEFINITIONS.—In this section—

9 “(1) the term ‘designated employee’ means an  
10 employee designated by the Director under sub-  
11 section (b); and

12 “(2) the term ‘Federal retirement system’ in-  
13 cludes the Central Intelligence Agency Retirement  
14 and Disability System, and the Federal Employees  
15 Retirement System (including the Thrift Savings  
16 Plan).

17 “(b) IN GENERAL.—

18 “(1) AUTHORITY.—Notwithstanding any other  
19 provision of law, the Director may exercise the au-  
20 thorities under this section in order to—

21 “(A) protect from unauthorized dislo-  
22 sure—

23 “(i) intelligence operations;

24 “(ii) the identities of undercover intel-  
25 ligence officers;



1                   “(iii) intelligence source and methods;

2                   or

3                   “(iv) intelligence cover mechanisms; or

4                   “(B) meet the special requirements of  
5                   work related to collection of foreign intelligence  
6                   or other authorized activities of the Agency.

7                   “(2) DESIGNATION OF EMPLOYEES.—The Di-  
8                   rector may designate any employee of the Agency  
9                   who is under nonofficial cover to be an employee to  
10                  whom this section applies. Such designation may be  
11                  made with respect to any or all authorities exercised  
12                  under this section.

13                  “(c) COMPENSATION.—The Director may pay a des-  
14                  ignated employee salary, allowances, and other benefits in  
15                  an amount and in a manner consistent with the nonofficial  
16                  cover of that employee, without regard to any limitation  
17                  that is otherwise applicable to a Federal employee. A des-  
18                  ignated employee may accept, utilize, and, to the extent  
19                  authorized by regulations prescribed under subsection (i),  
20                  retain any salary, allowances, and other benefits provided  
21                  under this section.

22                  “(d) RETIREMENT BENEFITS.—

23                  “(1) IN GENERAL.—The Director may establish  
24                  and administer a nonofficial cover employee retire-  
25                  ment system under which a designated employee

1 (and the spouse, former spouses, and survivors of  
2 such designated employee) shall receive treatment in  
3 the same manner and to the same extent as the  
4 Federal retirement system that would otherwise  
5 apply to such employee (and the spouse, former  
6 spouses, and survivors of that employee). A des-  
7 ignated employee may not participate in the retire-  
8 ment system established under this paragraph and  
9 another Federal retirement system at the same time.

10 “(2) CONVERSION TO OTHER FEDERAL RETIRE-  
11 MENT SYSTEM.—

12 “(A) IN GENERAL.—A designated em-  
13 ployee participating in the retirement system  
14 established under paragraph (1) may convert to  
15 coverage under the Federal retirement system  
16 which would otherwise apply to that employee  
17 at any appropriate time determined by the Di-  
18 rector (including at the time of separation of  
19 service by reason of retirement), if the Director  
20 determines that the employee’s participation in  
21 the retirement system established under this  
22 subsection is no longer necessary to protect  
23 from unauthorized disclosure—

24 “(i) intelligence operations;

1           “(ii) the identities of undercover intel-  
2           ligence officers;

3           “(iii) intelligence sources and meth-  
4           ods; or

5           “(iv) intelligence cover mechanisms.

6           “(B) CONVERSION TREATMENT.—Upon a  
7           conversion under this paragraph—

8           “(i) all periods of service under the  
9           retirement system established under this  
10          subsection shall be deemed periods of cred-  
11          itable service under the applicable Federal  
12          retirement system;

13          “(ii) the Director shall transmit an  
14          amount for deposit in any applicable fund  
15          of that Federal retirement system that—

16                  “(I) is necessary to cover all em-  
17                  ployee and agency contributions in-  
18                  cluding—

19                          “(aa) interest as determined  
20                          by the head of the agency admin-  
21                          istering the Federal retirement  
22                          system into which the employee  
23                          is converting; or

24                          “(bb) in the case of an em-  
25                          ployee converting into the Fed-

1                   eral Employee’s Retirement Sys-  
2                   tem, interest as determined  
3                   under section 8334(e) of title 5,  
4                   United States Code; and

5                   “(II) ensures that such conver-  
6                   sion does not result in any unfunded  
7                   liability to that fund; and

8                   “(iii) in the case of a designated em-  
9                   ployee who participated in a retirement  
10                  system established under paragraph (1)  
11                  similar to subchapter III of chapter 84 of  
12                  title 5, United States Code, and is con-  
13                  verting to coverage under subchapter III of  
14                  that chapter, the Director shall transmit  
15                  all amounts of that designated employee in  
16                  that similar retirement system (or similar  
17                  part of that retirement system) to the  
18                  Thrift Savings Fund.

19                  “(C) TRANSMITTED AMOUNTS.—

20                  “(i) IN GENERAL.—Amounts de-  
21                  scribed under subparagraph (B)(ii) shall  
22                  be paid from the fund or appropriation  
23                  used to pay the designated employee.

24                  “(ii) OFFSET.—The Director may use  
25                  amounts contributed by the designated em-

1            ployee to a retirement system established  
2            under paragraph (1) to offset amounts  
3            paid under clause (i).

4            “(D) RECORDS.—The Director shall trans-  
5            mit all necessary records relating to a des-  
6            ignated employee who converts to a Federal re-  
7            tirement system under this paragraph (includ-  
8            ing records relating to periods of service which  
9            are deemed to be periods of creditable service  
10           under subparagraph (B)) to the head of the  
11           agency administering that Federal retirement  
12           system.

13           “(e) HEALTH INSURANCE BENEFITS.—

14           “(1) IN GENERAL.—The Director may establish  
15           and administer a nonofficial cover employee health  
16           insurance program under which a designated em-  
17           ployee (and the family of such designated employee)  
18           shall receive treatment in the same manner and to  
19           the same extent as provided under chapter 89 of  
20           title 5, United States Code. A designated employee  
21           may not participate in the health insurance program  
22           established under this paragraph and the program  
23           under chapter 89 of title 5, United States Code, at  
24           the same time.

1           “(2) CONVERSION TO FEDERAL EMPLOYEES  
2 HEALTH BENEFITS PROGRAM.—

3           “(A) IN GENERAL.—A designated em-  
4 ployee participating in the health insurance pro-  
5 gram established under paragraph (1) may con-  
6 vert to coverage under the program under chap-  
7 ter 89 of title 5, United States Code, at any ap-  
8 propriate time determined by the Director (in-  
9 cluding at the time of separation of service by  
10 reason of retirement), if the Director deter-  
11 mines that the employee’s participation in the  
12 health insurance program established under this  
13 subsection is no longer necessary to protect  
14 from unauthorized disclosure—

15                   “(i) intelligence operations;

16                   “(ii) the identities of undercover intel-  
17 ligence officers;

18                   “(iii) intelligence sources and meth-  
19 ods; or

20                   “(iv) intelligence cover mechanisms.

21           “(B) CONVERSION TREATMENT.—Upon a  
22 conversion under this paragraph—

23                   “(i) the employee (and family, if ap-  
24 plicable) shall be entitled to immediate en-

1 rollment and coverage under chapter 89 of  
2 title 5, United States Code;

3 “(ii) any requirement of prior enroll-  
4 ment in a health benefits plan under chap-  
5 ter 89 of that title for continuation of cov-  
6 erage purposes shall not apply;

7 “(iii) the employee shall be deemed to  
8 have had coverage under chapter 89 of  
9 that title from the first opportunity to en-  
10 roll for purposes of continuing coverage as  
11 an annuitant; and

12 “(iv) the Director shall transmit an  
13 amount for deposit in the Employees  
14 Health Benefits Fund that is necessary to  
15 cover any costs of such conversion.

16 “(C) TRANSMITTED AMOUNTS.—Any  
17 amount described under subparagraph (B)(iv)  
18 shall be paid from the fund or appropriation  
19 used to pay the designated employee.

20 “(f) LIFE INSURANCE BENEFITS.—

21 “(1) IN GENERAL.—The Director may establish  
22 and administer a nonofficial cover employee life in-  
23 surance program under which a designated employee  
24 (and the family of such designated employee) shall  
25 receive treatment in the same manner and to the

1 same extent as provided under chapter 87 of title 5,  
2 United States Code. A designated employee may not  
3 participate in the life insurance program established  
4 under this paragraph and the program under chapter  
5 87 of title 5, United States Code, at the same time.

6 “(2) CONVERSION TO FEDERAL EMPLOYEES  
7 GROUP LIFE INSURANCE PROGRAM.—

8 “(A) IN GENERAL.—A designated em-  
9 ployee participating in the life insurance pro-  
10 gram established under paragraph (1) may con-  
11 vert to coverage under the program under chap-  
12 ter 87 of title 5, United States Code, at any ap-  
13 propriate time determined by the Director (in-  
14 cluding at the time of separation of service by  
15 reason of retirement), if the Director deter-  
16 mines that the employee’s participation in the  
17 life insurance program established under this  
18 subsection is no longer necessary to protect  
19 from unauthorized disclosure—

20 “(i) intelligence operations;

21 “(ii) the identities of undercover intel-  
22 ligence officers;

23 “(iii) intelligence sources and meth-  
24 ods; or

25 “(iv) intelligence cover mechanisms.



1           “(B) CONVERSION TREATMENT.—Upon a  
2 conversion under this paragraph—

3           “(i) the employee (and family, if ap-  
4 plicable) shall be entitled to immediate cov-  
5 erage under chapter 87 of title 5, United  
6 States Code;

7           “(ii) any requirement of prior enroll-  
8 ment in a life insurance program under  
9 chapter 87 of that title for continuation of  
10 coverage purposes shall not apply;

11           “(iii) the employee shall be deemed to  
12 have had coverage under chapter 87 of  
13 that title for the full period of service dur-  
14 ing which the employee would have been  
15 entitled to be insured for purposes of con-  
16 tinuing coverage as an annuitant; and

17           “(iv) the Director shall transmit an  
18 amount for deposit in the Employees Life  
19 Insurance Fund that is necessary to cover  
20 any costs of such conversion.

21           “(C) TRANSMITTED AMOUNTS.—Any  
22 amount described under subparagraph (B)(iii)  
23 shall be paid from the fund or appropriation  
24 used to pay the designated employee.

1 “(g) EXEMPTION FROM CERTAIN REQUIREMENTS.—

2 The Director may exempt a designated employee from  
3 mandatory compliance with any Federal regulation, rule,  
4 standardized administrative policy, process, or procedure  
5 that the Director determines—

6 “(1) would be inconsistent with the nonofficial  
7 cover of that employee; and

8 “(2) could expose that employee to detection as  
9 a Federal employee.

10 “(h) TAXATION AND SOCIAL SECURITY.—

11 “(1) IN GENERAL.—Notwithstanding any other  
12 provision of law, a designated employee—

13 “(A) shall file a Federal or State tax re-  
14 turn as if that employee is not a Federal em-  
15 ployee and may claim and receive the benefit of  
16 any exclusion, deduction, tax credit, or other  
17 tax treatment that would otherwise apply if  
18 that employee was not a Federal employee, if  
19 the Director determines that taking any action  
20 under this paragraph is necessary to—

21 “(i) protect from unauthorized dislo-  
22 sure—

23 “(I) intelligence operations;

24 “(II) the identities of undercover  
25 intelligence officers;

1                   “(III) intelligence source and  
2                   methods; or

3                   “(IV) intelligence cover mecha-  
4                   nisms; and

5                   “(ii) meet the special requirements of  
6                   work related to collection of foreign intel-  
7                   ligence or other authorized activities of the  
8                   Agency; and

9                   “(B) shall receive social security benefits  
10                  based on the social security contributions made.

11                  “(2) IRS REVIEW.—The Director shall establish  
12                  procedures to carry out this subsection. The proce-  
13                  dures shall be subject to periodic review by the In-  
14                  ternal Revenue Service.

15                  “(i) REGULATIONS.—The Director shall prescribe  
16                  regulations to carry out this section. The regulations shall  
17                  ensure that the combination of salary, allowances, and  
18                  benefits that an employee designated under this section  
19                  may retain does not significantly exceed, except to the ex-  
20                  tent determined by the Director to be necessary to exercise  
21                  the authority in subsection (b), the combination of salary,  
22                  allowances, and benefits otherwise received by Federal em-  
23                  ployees not designated under this section.

24                  “(j) FINALITY OF DECISIONS.—Any determinations  
25                  authorized by this section made by the Director or the

1 Director’s designee shall be final and conclusive and shall  
2 not be subject to review by any court.

3 “(k) SUBSEQUENTLY ENACTED LAWS.—No law en-  
4 acted after the effective date of this section shall affect  
5 the authorities and provisions of this section unless such  
6 law specifically refers to this section.”.

7 **TITLE V—DEPARTMENT OF DE-**  
8 **FENSE INTELLIGENCE MAT-**  
9 **TERS**

10 **SEC. 501. REPEAL OF SUNSET ON AUTHORITY TO ENGAGE**  
11 **IN COMMERCIAL ACTIVITIES AS SECURITY**  
12 **FOR INTELLIGENCE COLLECTION ACTIVI-**  
13 **TIES.**

14 Section 431(a) of title 10, United States Code, is  
15 amended by striking the second sentence.

16 **SEC. 502. DEFENSE INTELLIGENCE EXEMPTION FROM CER-**  
17 **TAIN PRIVACY ACT REQUIREMENTS.**

18 Section 552a(e)(3) of title 5, United States Code,  
19 shall not apply with respect to the collection of information  
20 by intelligence personnel of the Department of Defense  
21 who are authorized by the Secretary of Defense to collect  
22 intelligence from human sources.

1 **SEC. 503. USE OF FUNDS FOR COUNTERDRUG AND**  
2 **COUNTERTERRORISM ACTIVITIES FOR CO-**  
3 **LOMBIA.**

4 (a) **AUTHORITY.**—Funds designated for intelligence  
5 or intelligence-related purposes for assistance to the Gov-  
6 ernment of Colombia for counterdrug activities for fiscal  
7 year 2005, and any unobligated funds available to any ele-  
8 ment of the intelligence community for such activities for  
9 a prior fiscal year, shall be available—

10 (1) to support a unified campaign by the Gov-  
11 ernment of Colombia against narcotics trafficking  
12 and against activities by organizations designated as  
13 terrorist organizations (such as the Revolutionary  
14 Armed Forces of Colombia (FARC), the National  
15 Liberation Army (ELN), and the United Self-De-  
16 fense Forces of Colombia (AUC)); and

17 (2) to take actions to protect human health and  
18 welfare in emergency circumstances, including un-  
19 dertaking rescue operations.

20 (b) **APPLICABILITY OF CERTAIN LAWS AND LIMITA-**  
21 **TIONS.**—The use of funds pursuant to the authority in  
22 subsection (a) shall be subject to the following:

23 (1) Sections 556, 567, and 568 of the Foreign  
24 Operations, Export Financing, and Related Pro-  
25 grams Appropriations Act, 2002 (Public Law 107–  
26 115; 115 Stat. 2160, 2165, and 2166).

1           (2) Section 8077 of the Department of Defense  
2           Appropriations Act, 2004 (Public Law 108–87; 117  
3           Stat. 1090).

4           (3) The numerical limitations on the number of  
5           United States military personnel and United States  
6           individual civilian contractors in section 3204(b)(1)  
7           of the Emergency Supplemental Act, 2000 (division  
8           B of Public Law 106–246; 114 Stat. 575), as  
9           amended by the Foreign Operations, Export Financ-  
10          ing, and Related Programs Appropriations Act,  
11          2002 (115 Stat. 2131).

12          (c) LIMITATION ON PARTICIPATION OF UNITED  
13          STATES PERSONNEL.—No United States Armed Forces  
14          personnel or United States civilian contractor employed by  
15          the United States Armed Forces will participate in any  
16          combat operation in connection with assistance made  
17          available under this section, except for the purpose of act-  
18          ing in self defense or during the course of search and res-  
19          cue operations for United States citizens.

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