

109TH CONGRESS  
2D SESSION

# S. 4026

To amend the Internal Revenue Code of 1986 to make technical corrections,  
and for other purposes.

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IN THE SENATE OF THE UNITED STATES

SEPTEMBER 29, 2006

Mr. GRASSLEY (for himself and Mr. BAUCUS) introduced the following bill;  
which was read twice and referred to the Committee on Finance

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## A BILL

To amend the Internal Revenue Code of 1986 to make  
technical corrections, 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; AMENDMENT OF 1986 CODE;**

4 **TABLE OF CONTENTS.**

5 (a) SHORT TITLE.—This Act may be cited as the  
6 “Tax Technical Corrections Act of 2006”.

7 (b) AMENDMENT OF 1986 CODE.—Except as other-  
8 wise expressly provided, whenever in this Act an amend-  
9 ment or repeal is expressed in terms of an amendment  
10 to, or repeal of, a section or other provision, the reference

1 shall be considered to be made to a section or other provi-  
 2 sion of the Internal Revenue Code of 1986.

3 (c) TABLE OF CONTENTS.—The table of contents of  
 4 this Act is as follows:

Sec. 1. Short title; amendment of 1986 Code; table of contents.

Sec. 2. Amendments related to the Tax Increase Prevention and Reconciliation  
 Act of 2005.

Sec. 3. Amendment related to the Gulf Opportunity Zone Act of 2005.

Sec. 4. Amendments related to the Safe, Accountable, Flexible, Efficient Trans-  
 portation Equity Act: A Legacy for Users.

Sec. 5. Amendments related to the Energy Policy Act of 2005.

Sec. 6. Amendments related to the American Jobs Creation Act of 2004.

Sec. 7. Amendment related to the Jobs and Growth Tax Relief Reconciliation  
 Act of 2003.

Sec. 8. Amendments related to the Economic Growth and Tax Relief Reconcili-  
 ation Act of 2001.

Sec. 9. Amendment related to the Tax Relief Extension Act of 1999.

Sec. 10. Amendment related to the Internal Revenue Service Restructuring and  
 Reform Act of 1998.

Sec. 11. Clerical corrections.

5 **SEC. 2. AMENDMENTS RELATED TO THE TAX INCREASE**  
 6 **PREVENTION AND RECONCILIATION ACT OF**  
 7 **2005.**

8 (a) AMENDMENTS RELATED TO SECTION 103 OF  
 9 THE ACT.—

10 (1) Subparagraph (A) of section 954(c)(6) is  
 11 amended—

12 (A) in the first sentence, by striking  
 13 “which is not subpart F income” and inserting  
 14 “which is neither subpart F income nor income  
 15 treated as effectively connected with the con-  
 16 duct of a trade or business in the United  
 17 States”, and

(B) by striking the last sentence and inserting the following: “The Secretary shall prescribe such regulations as may be necessary or appropriate to carry out this paragraph, including such regulations as may be necessary or appropriate to prevent the abuse of the purposes of this paragraph.”.

(2) Paragraph (6) of section 954(c) is amended by redesignating subparagraph (B) as subparagraph (C) and inserting after subparagraph (A) the following new subparagraph:

“(B) EXCEPTION.—Subparagraph (A) shall not apply in the case of any interest, rent, or royalty to the extent such interest, rent, or royalty creates (or increases) a deficit which under section 952(c) may reduce the subpart F income of the payor or another controlled foreign corporation.”.

(b) AMENDMENTS RELATED TO SECTION 202 OF THE ACT.—

(1) Subparagraph (B) of section 355(b)(3) is amended to read as follows:

“(B) AFFILIATED GROUP RULE.—

“(i) IN GENERAL.—For purposes of subparagraph (A), all members of such

1 corporation's separate affiliated group  
2 shall be treated as one corporation.

3 “(ii) SEPARATE AFFILIATED  
4 GROUP.—For purposes of clause (i), the  
5 term ‘separate affiliated group’ means,  
6 with respect to any corporation, the affili-  
7 ated group which would be determined  
8 under section 1504(a) if such corporation  
9 were the common parent and section  
10 1504(b) did not apply. Such term shall not  
11 include any corporation which became a  
12 member of—

13 “(I) such separate affiliated  
14 group (determined without regard to  
15 this sentence), or

16 “(II) any other separate affili-  
17 ated group (determined without re-  
18 gard to this sentence) which includes  
19 any other corporation to which sub-  
20 paragraph (A) applies with respect to  
21 the same distribution,

22 during the 5-year period described in para-  
23 graph (2)(B) by reason of one or more  
24 transactions in which gain or loss was rec-  
25 ognized in whole or in part (and shall not

1 include any trade or business conducted by  
2 such corporation at the time it became  
3 such a member).”.

4 (2) Paragraph (3) of section 355(b) is amended  
5 by adding at the end the following new subpara-  
6 graph:

7 “(E) REGULATIONS.—The Secretary shall  
8 prescribe regulations which provide for the  
9 proper application of subparagraphs (B), (C),  
10 and (D) of paragraph (2) with respect to dis-  
11 tributions to which this paragraph applies.”.

12 (c) AMENDMENTS RELATED TO SECTION 515 OF  
13 THE ACT.—Paragraph (2) of section 911(f) is amended—

14 (1) by striking “the tentative minimum tax  
15 under section 55” in the matter preceding subpara-  
16 graph (A) and inserting “the amount determined  
17 under the first sentence of section 55(b)(1)(A)(i)”,  
18 and

19 (2) by striking “the amount which would be  
20 such tentative minimum tax” each place it appears  
21 in subparagraphs (A) and (B) and inserting “the  
22 amount which would be determined under such sen-  
23 tence”.

24 (d) EFFECTIVE DATE.—The amendments made by  
25 this section shall take effect as if included in the provisions

1 of the Tax Increase Prevention and Reconciliation Act of  
 2 2005 to which they relate.

3 **SEC. 3. AMENDMENT RELATED TO THE GULF OPPOR-**  
 4 **TUNITY ZONE ACT OF 2005.**

5 (a) AMENDMENT RELATED TO SECTION 303 OF THE  
 6 ACT.—Clause (iii) of section 903(d)(2)(B) of the Amer-  
 7 ican Jobs Creation Act of 2004, as amended by section  
 8 303 of the Gulf Opportunity Zone Act of 2005, is amended  
 9 by inserting “or the Secretary’s delegate” after “The Sec-  
 10 retary of the Treasury”.

11 (b) EFFECTIVE DATE.—The amendment made by  
 12 this section shall take effect as if included in section 303  
 13 of the Gulf Opportunity Zone Act of 2005.

14 **SEC. 4. AMENDMENTS RELATED TO THE SAFE, ACCOUNT-**  
 15 **ABLE, FLEXIBLE, EFFICIENT TRANSPOR-**  
 16 **TATION EQUITY ACT: A LEGACY FOR USERS.**

17 (a) AMENDMENTS RELATED TO SECTION 11113 OF  
 18 THE ACT.—Paragraph (3) of section 6427(i) is amend-  
 19 ed—

20 (1) by inserting “or under subsection (e)(2) by  
 21 any person with respect to an alternative fuel (as de-  
 22 fined in section 6426(d)(2))” after “section 6426”  
 23 in subparagraph (A),

24 (2) by inserting “or (e)(2)” after “subsection  
 25 (e)(1)” in subparagraphs (A)(i) and (B), and

1           (3) by inserting “AND ALTERNATIVE FUEL  
2       CREDIT” after “MIXTURE CREDIT” in the heading  
3       thereof.

4       (b) EFFECTIVE DATE.—The amendments made by  
5       this section shall take effect as if included in the provisions  
6       of the SAFETEA-LU to which they relate.

7       **SEC. 5. AMENDMENTS RELATED TO THE ENERGY POLICY**  
8                 **ACT OF 2005.**

9       (a) AMENDMENT RELATED TO SECTION 1306 OF  
10      THE ACT.—Paragraph (2) of section 45J(b) is amended  
11      to read as follows:

12           “(2) AMOUNT OF NATIONAL LIMITATION.—The  
13      aggregate amount of national megawatt capacity  
14      limitation allocated by the Secretary under para-  
15      graph (3) shall not exceed 6,000 megawatts.”.

16      (b) AMENDMENT RELATED TO SECTION 1342 OF  
17      THE ACT.—So much of subsection (b) of section 30C as  
18      precedes paragraph (1) thereof is amended to read as fol-  
19      lows:

20           “(b) LIMITATION.—The credit allowed under sub-  
21      section (a) with respect to all alternative fuel vehicle re-  
22      fueling property placed in service by the taxpayer during  
23      the taxable year at a location shall not exceed—”.

24      (c) AMENDMENTS RELATED TO SECTION 1351 OF  
25      THE ACT.—

1           (1) Paragraph (3) of section 41(a) is amended  
2           by inserting “for energy research” before the period  
3           at the end.

4           (2) Paragraph (6) of section 41(f) is amended  
5           by adding at the end the following new subpara-  
6           graph:

7                     “(E) ENERGY RESEARCH.—The term ‘en-  
8                     ergy research’ does not include any research  
9                     which is not qualified research.”.

10          (d) AMENDMENTS RELATED TO SECTION 1362 OF  
11          THE ACT.—

12           (1)(A) Paragraph (1) of section 4041(d) is  
13           amended by adding at the end the following new  
14           sentence: “No tax shall be imposed under the pre-  
15           ceding sentence on the sale or use of any liquid if  
16           tax was imposed with respect to such liquid under  
17           section 4081 at the Leaking Underground Storage  
18           Tank Trust Fund financing rate.”.

19           (B) Paragraph (3) of section 4042(b) is amend-  
20           ed to read as follows:

21                     “(3) EXCEPTION FOR FUEL ON WHICH LEAK-  
22                     ING UNDERGROUND STORAGE TANK TRUST FUND FI-  
23                     NANCING RATE SEPARATELY IMPOSED.—The Leak-  
24                     ing Underground Storage Tank Trust Fund financ-  
25                     ing rate under paragraph (2)(B) shall not apply to



1 the use of any fuel if tax was imposed with respect  
 2 to such fuel under section 4041(d) or 4081 at the  
 3 Leaking Underground Storage Tank Trust Fund fi-  
 4 nancing rate.”.

5 (C) Notwithstanding section 6430 of the Inter-  
 6 nal Revenue Code of 1986, a refund, credit, or pay-  
 7 ment may be made under subchapter B of chapter  
 8 65 of such Code for taxes imposed with respect to  
 9 any liquid after September 30, 2005, and before the  
 10 date of the enactment of this Act under section  
 11 4041(d)(1) or 4042 of such Code at the Leaking  
 12 Underground Storage Tank Trust Fund financing  
 13 rate to the extent that tax was imposed with respect  
 14 to such liquid under section 4081 at the Leaking  
 15 Underground Storage Tank Trust Fund financing  
 16 rate.

17 (2)(A) Paragraph (5) of section 4041(d) is  
 18 amended—

19 (i) by striking “(other than with respect to  
 20 any sale for export under paragraph (3) there-  
 21 of)”, and

22 (ii) by adding at the end the following new  
 23 sentence: “The preceding sentence shall not  
 24 apply with respect to subsection (g)(3) and so  
 25 much of subsection (g)(1) as relates to vessels

1 (within the meaning of section 4221(d)(3)) em-  
 2 ployed in foreign trade or trade between the  
 3 United States and any of its possessions.”

4 (B) Section 4082 is amended—

5 (i) by striking “(other than such tax at the  
 6 Leaking Underground Storage Tank Trust  
 7 Fund financing rate imposed in all cases other  
 8 than for export)” in subsection (a), and

9 (ii) by redesignating subsections (f) and  
 10 (g) as subsections (g) and (h) and by inserting  
 11 after subsection (e) the following new sub-  
 12 section:

13 “(f) EXCEPTION FOR LEAKING UNDERGROUND  
 14 STORAGE TANK TRUST FUND FINANCING RATE.—

15 “(1) IN GENERAL.—Subsection (a) shall not  
 16 apply to the tax imposed under section 4081 at the  
 17 Leaking Underground Storage Tank Trust Fund fi-  
 18 nancing rate.

19 “(2) EXCEPTION FOR EXPORT, ETC.—Para-  
 20 graph (1) shall not apply with respect to any fuel if  
 21 the Secretary determines that such fuel is destined  
 22 for export or for use by the purchaser as supplies for  
 23 vessels (within the meaning of section 4221(d)(3))  
 24 employed in foreign trade or trade between the  
 25 United States and any of its possessions.”.

1 (C) Subsection (e) of section 4082 is amend-  
2 ed—

3 (i) by striking “an aircraft, the rate of tax  
4 under section 4081(a)(2)(A)(iii) shall be zero.”  
5 and inserting “an aircraft—

6 “(1) the rate of tax under section  
7 4081(a)(2)(A)(iii) shall be zero, and

8 “(2) if such aircraft is employed in foreign  
9 trade or trade between the United States and any of  
10 its possessions, the increase in such rate under sec-  
11 tion 4081(a)(2)(B) shall be zero.”; and

12 (ii) by moving the last sentence flush with  
13 the margin of such subsection (following the  
14 paragraph (2) added by clause (i)).

15 (D) Section 6430 is amended to read as follows:

16 **“SEC. 6430. TREATMENT OF TAX IMPOSED AT LEAKING UN-**  
17 **DERGROUND STORAGE TANK TRUST FUND**  
18 **FINANCING RATE.**

19 “No refunds, credits, or payments shall be made  
20 under this subchapter for any tax imposed at the Leaking  
21 Underground Storage Tank Trust Fund financing rate,  
22 except in the case of fuels—

23 “(1) which are exempt from tax under section  
24 4081(a) by reason of section 4081(f)(2),

1 “(2) which are exempt from tax under section  
2 4041(d) by reason of the last sentence of paragraph  
3 (5) thereof, or

4 “(3) with respect to which the rate increase  
5 under section 4081(a)(2)(B) is zero by reason of  
6 section 4082(e)(2).”.

7 (3) Paragraph (5) of section 4041(d) is amend-  
8 ed by inserting “(b)(1)(A)” after “subsections”.

9 (e) EFFECTIVE DATE.—

10 (1) IN GENERAL.—Except as otherwise pro-  
11 vided in this subsection, the amendments made by  
12 this section shall take effect as if included in the  
13 provisions of the Energy Policy Act of 2005 to which  
14 they relate.

15 (2) NONAPPLICATION OF EXEMPTION FOR OFF-  
16 HIGHWAY BUSINESS USE.—The amendment made by  
17 subsection (d)(3) shall apply to fuel sold for use or  
18 used after the date of the enactment of this Act.

19 (3) AMENDMENT MADE BY THE SAFETEA-  
20 LU.—The amendment made by subsection  
21 (d)(2)(C)(ii) shall take effect as if included in sec-  
22 tion 11161 of the SAFETEA-LU.

1 **SEC. 6. AMENDMENTS RELATED TO THE AMERICAN JOBS**  
 2 **CREATION ACT OF 2004.**

3 (a) AMENDMENTS RELATED TO SECTION 710 OF  
 4 THE ACT.—

5 (1) Clause (ii) of section 45(c)(3)(A) is amend-  
 6 ed by striking “which is segregated from other waste  
 7 materials and”.

8 (2) Subparagraph (B) of section 45(d)(2) is  
 9 amended by inserting “and” at the end of clause (i),  
 10 by striking clause (ii), and by redesignating clause  
 11 (iii) as clause (ii).

12 (b) AMENDMENTS RELATED TO SECTION 848 OF  
 13 THE ACT.—

14 (1) Section 470 is amended by redesignating  
 15 subsections (e), (f), and (g) as subsections (f), (g),  
 16 and (h) and by inserting after subsection (d) the fol-  
 17 lowing new subsection:

18 “(e) EXCEPTION FOR CERTAIN PARTNERSHIPS.—

19 “(1) IN GENERAL.—In the case of any property  
 20 which would (but for this subsection) be tax-exempt  
 21 use property solely by reason of section 168(h)(6),  
 22 such property shall not be treated as tax-exempt use  
 23 property for purposes of this section for any taxable  
 24 year of the partnership if—

1           “(A) such property is not property of a  
2 character subject to the allowance for deprecia-  
3 tion,

4           “(B) any credit is allowable under section  
5 42 or 47 with respect to such property, or

6           “(C) except as provided in regulations pre-  
7 scribed by the Secretary under subsection  
8 (h)(4), the requirements of paragraphs (2) and  
9 (3) are met with respect to such property for  
10 such taxable year.

11           “(2) AVAILABILITY OF FUNDS.—

12           “(A) IN GENERAL.—The requirement of  
13 this paragraph is met for any taxable year with  
14 respect to any property owned by the partner-  
15 ship if (at all times during the taxable year) not  
16 more than the allowable partnership amount of  
17 funds are—

18                   “(i) subject to any arrangement re-  
19 ferred to in subparagraph (C), or

20                   “(ii) set aside or expected to be set  
21 aside,

22 to or for the benefit of any taxable partner of  
23 the partnership or any lender, or to or for the  
24 benefit of any tax-exempt partner of the part-  
25 nership to satisfy any obligation of such tax-ex-

empt partners to the partnership, any taxable partner of the partnership, or any lender.

“(B) ALLOWABLE PARTNERSHIP AMOUNT.—For purposes of this subsection, the term ‘allowable partnership amount’ means, as of any date, the greater of—

“(i) the sum of—

“(I) 20 percent of the sum of the taxable partners’ capital accounts determined as of such date under the rules of section 704(b), plus

“(II) 20 percent of the sum of the taxable partners’ share of the recourse liabilities of the partnership as determined under section 752, or

“(ii) 20 percent of the aggregate debt of the partnership as of such date.

“(iii) NO ALLOWABLE PARTNERSHIP AMOUNT FOR ARRANGEMENTS OUTSIDE THE PARTNERSHIP.—The allowable partnership amount shall be zero with respect to any set aside or arrangement under which any of the funds referred to in subparagraph (A) are not partnership property.

“(C) ARRANGEMENTS.—The arrangements referred to in this subparagraph include a loan by a tax-exempt partner or the partnership to any taxable partner, the partnership, or any lender and any arrangement referred to in subsection (d)(1)(B).

“(D) SPECIAL RULES.—

“(i) EXCEPTION FOR SHORT-TERM FUNDS.—Funds which are set aside, or subject to any arrangement, for a period of less than 12 months shall not be taken into account under subparagraph (A). Except as provided by the Secretary, all related set asides and arrangements shall be treated as 1 arrangement for purposes of this clause.

“(ii) ECONOMIC RELATIONSHIP TEST.—Funds shall not be taken into account under subparagraph (A) if such funds—

“(I) bear no connection to the economic relationships among the partners, and



1                   “(II) bear no connection to the  
2                   economic relationships among the  
3                   partners and the partnership.

4                   “(iii) REASONABLE PERSON STAND-  
5                   ARD.—For purpose of subparagraph  
6                   (A)(ii), funds shall be treated as set aside  
7                   or expected to be set aside only if a reason-  
8                   able person would conclude, based on the  
9                   facts and circumstances, that such funds  
10                  are set aside or expected to be set aside.

11               “(3) OPTION TO PURCHASE.—

12               “(A) IN GENERAL.—The requirement of  
13               this paragraph is met for any taxable year with  
14               respect to any property owned by the partner-  
15               ship if (at all times during such taxable year)—

16               “(i) each tax-exempt partner does not  
17               have an option to purchase (or compel dis-  
18               tribution of) such property or any direct or  
19               indirect interest in the partnership at any  
20               time other than at the fair market value of  
21               such property or interest at the time of  
22               such purchase or distribution, and

23               “(ii) the partnership and each taxable  
24               partner does not have an option to sell (or  
25               compel distribution of) such property or

any direct or indirect interest in the partnership to a tax-exempt partner at any time other than at the fair market value of such property or interest at the time of such sale or distribution.

“(B) OPTION FOR DETERMINATION OF FAIR MARKET VALUE.—Under regulations prescribed by the Secretary, a value of property determined on the basis of a formula shall be treated for purposes of subparagraph (A) as the fair market value of such property if such value is determined on the basis of objective criteria that are reasonably designed to approximate the fair market value of such property at the time of the purchase, sale, or distribution, as the case may be.”.

(2) Subsection (g) of section 470, as redesignated by paragraph (1), is amended by adding at the end the following new paragraphs:

“(5) TAX-EXEMPT PARTNER.—The term ‘tax-exempt partner’ means, with respect to any partnership, any partner of such partnership which is a tax-exempt entity within the meaning of section 168(h)(6).

1           “(6) TAXABLE PARTNER.—The term ‘taxable  
2 partner’ means, with respect to any partnership, any  
3 partner of such partnership which is not a tax-ex-  
4 empt partner.”.

5           (3) Subsection (h) of section 470, as redesign-  
6 nated by paragraph (1), is amended—

7                 (A) by striking “, and” at the end of para-  
8 graph (1) and inserting “or owned by the same  
9 partnership,”,

10                (B) by striking the period at the end of  
11 paragraph (2) and inserting a comma, and

12                (C) by adding at the end the following new  
13 paragraphs:

14                “(3) provide for the application of this section  
15 to tiered and other related partnerships, and

16                “(4) provide for the treatment of partnership  
17 property (other than property described in sub-  
18 section (e)(1)(A)) as tax-exempt use property if such  
19 property is used in an arrangement which is incon-  
20 sistent with the purposes of this section determined  
21 by taking into account one or more of the following  
22 factors:

23                         “(A) A tax-exempt partner maintains phys-  
24 ical possession or control or holds the benefits

1 and burdens of ownership with respect to such  
2 property.

3 “(B) There is insignificant equity invest-  
4 ment in such property by any taxable partner.

5 “(C) The transfer of such property to the  
6 partnership does not result in a change in use  
7 of such property.

8 “(D) Such property is necessary for the  
9 provision of government services.

10 “(E) The deductions for depreciation with  
11 respect to such property are allocated dis-  
12 proportionately to one or more taxable partners  
13 relative to such partner’s risk of loss with re-  
14 spect to such property or to such partner’s allo-  
15 cation of other partnership items.

16 “(F) Such other factors as the Secretary  
17 may determine.”.

18 (4) Paragraph (2) of section 470(c) is amend-  
19 ed—

20 (A) by striking “and” at the end of sub-  
21 paragraph (A), by redesignating subparagraph  
22 (B) as subparagraph (C), and by inserting after  
23 subparagraph (A) the following new subpara-  
24 graph:

1           “(B) by treating the entire property as  
 2           tax-exempt use property if any portion of such  
 3           property is treated as tax-exempt use property  
 4           by reason of paragraph (6) thereof.”, and

5           (B) by striking the flush sentence at the  
 6           end.

7           (5) Subparagraph (A) of section 470(d)(1) is  
 8           amended by striking “(at any time during the lease  
 9           term)” and inserting “(at all times during the lease  
 10          term)”.

11          (c) AMENDMENTS RELATED TO SECTION 888 OF  
 12          THE ACT.—

13          (1) Subparagraph (A) of section 1092(a)(2) is  
 14          amended by striking “and” at the end of clause (ii),  
 15          by redesignating clause (iii) as clause (iv), and by in-  
 16          serting after clause (ii) the following new clause:

17                  “(iii) if the application of clause (ii)  
 18                  does not result in an increase in the basis  
 19                  of any offsetting position in the identified  
 20                  straddle, the basis of each of the offsetting  
 21                  positions in the identified straddle shall be  
 22                  increased in a manner which—

23                          “(I) is reasonable, consistent  
 24                          with the purposes of this paragraph,

1 and consistently applied by the tax-  
2 payer, and

3 “(II) results in an aggregate in-  
4 crease in the basis of such offsetting  
5 positions which is equal to the loss de-  
6 scribed in clause (ii), and”.

7 (2)(A) Subparagraph (B) of section 1092(a)(2)  
8 is amended by adding at the end the following flush  
9 sentence:

10 “A straddle shall be treated as clearly identified  
11 for purposes of clause (i) only if such identifica-  
12 tion includes an identification of the positions  
13 in the straddle which are offsetting with respect  
14 other positions in the straddle.”.

15 (B) Subparagraph (A) of section 1092(a)(2) is  
16 amended—

17 (i) by striking “identified positions” in  
18 clause (i) and inserting “positions”,

19 (ii) by striking “identified position” in  
20 clause (ii) and inserting “position”, and

21 (iii) by striking “identified offsetting posi-  
22 tions” in clause (ii) and inserting “offsetting  
23 positions”.

1 (C) Subparagraph (B) of section 1092(a)(3) is  
2 amended by striking “identified offsetting position”  
3 and inserting “offsetting position”.

4 (3) Paragraph (2) of section 1092(a) is amend-  
5 ed by redesignating subparagraph (C) as subpara-  
6 graph (D) and inserting after subparagraph (B) the  
7 following new subparagraph:

8 “(C) APPLICATION TO LIABILITIES AND  
9 OBLIGATIONS.—Except as otherwise provided  
10 by the Secretary, rules similar to the rules of  
11 clauses (ii) and (iii) of subparagraph (A) shall  
12 apply for purposes of this paragraph with re-  
13 spect to any position which is, or has been, a  
14 liability or obligation.”.

15 (4) Subparagraph (D) of section 1092(a)(2), as  
16 redesignated by paragraph (3), is amended by in-  
17 serting “the rules for the application of this section  
18 to a position which is or has been a liability or obli-  
19 gation, methods of loss allocation which satisfy the  
20 requirements of subparagraph (A)(iii),” before “and  
21 the ordering rules”.

22 (d) EFFECTIVE DATE.—The amendments made by  
23 this section shall take effect as if included in the provisions  
24 of the American Jobs Creation Act of 2004 to which they  
25 relate.

1 **SEC. 7. AMENDMENT RELATED TO THE JOBS AND GROWTH**  
2 **TAX RELIEF RECONCILIATION ACT OF 2003.**

3 (a) AMENDMENT RELATED TO SECTION 302 OF THE  
4 ACT.—Clause (ii) of section 1(h)(11)(B) is amended by  
5 striking “and” at the end of subclause (II), by striking  
6 the period at the end of subclause (III) and inserting “,  
7 and”, and by adding at the end the following new sub-  
8 clause:

9 “(IV) any dividend received from  
10 a corporation which is a DISC or  
11 former DISC (as defined in section  
12 992(a)) to the extent such dividend is  
13 paid out of the corporation’s accumu-  
14 lated DISC income or is a deemed  
15 distribution pursuant to section  
16 995(b)(1).”.

17 (b) EFFECTIVE DATE.—The amendment made by  
18 this section shall apply to dividends received on or after  
19 September 29, 2006, in taxable years ending after such  
20 date.

21 **SEC. 8. AMENDMENTS RELATED TO THE ECONOMIC**  
22 **GROWTH AND TAX RELIEF RECONCILIATION**  
23 **ACT OF 2001.**

24 (a) AMENDMENTS RELATED TO SECTION 617 OF  
25 THE ACT.—



1           (1) Subclause (II) of section 402(g)(7)(A)(ii) is  
 2           amended by striking “for prior taxable years” and  
 3           inserting “permitted for prior taxable years by rea-  
 4           son of this paragraph”.

5           (2) Subparagraph (A) of section 3121(v)(1) is  
 6           amended by inserting “or consisting of designated  
 7           Roth contributions (as defined in section 402A(c))”  
 8           before the comma at the end.

9           (b) EFFECTIVE DATE.—The amendments made by  
 10          this section shall take effect as if included in the provisions  
 11          of the Economic Growth and Tax Relief Reconciliation Act  
 12          of 2001 to which they relate.

13       **SEC. 9. AMENDMENT RELATED TO THE TAX RELIEF EXTEN-**  
 14               **SION ACT OF 1999.**

15          (a) AMENDMENT RELATED TO SECTION 507 OF THE  
 16          ACT.—Clause (i) of section 45(e)(7)(A) is amended by  
 17          striking “placed in service by the taxpayer” and inserting  
 18          “originally placed in service”.

19          (b) EFFECTIVE DATE.—The amendment made by  
 20          this section shall take effect as if included in section 507  
 21          of the Tax Relief Extension Act of 1999.

1 **SEC. 10. AMENDMENT RELATED TO THE INTERNAL REV-**  
 2 **ENUE SERVICE RESTRUCTURING AND RE-**  
 3 **FORM ACT OF 1998.**

4 (a) AMENDMENT RELATED TO SECTION 3509 OF  
 5 THE ACT.—Paragraph (3) of section 6110(i) is amended  
 6 by inserting “and related background file documents”  
 7 after “Chief Counsel advice” in the matter preceding sub-  
 8 paragraph (A).

9 (b) EFFECTIVE DATE.—The amendment made by  
 10 this section shall take effect as if included in the provision  
 11 of the Internal Revenue Service Restructuring and Reform  
 12 Act of 1998 to which it relates.

13 **SEC. 11. CLERICAL CORRECTIONS.**

14 (a) IN GENERAL.—

15 (1) Paragraph (5) of section 21(e) is amended  
 16 by striking “section 152(e)(3)(A)” in the flush mat-  
 17 ter after subparagraph (B) and inserting “section  
 18 152(e)(4)(A)”.

19 (2) Paragraph (3) of section 25C(c) is amended  
 20 by striking “section 3280” and inserting “part  
 21 3280”.

22 (3) Subsection (a) of section 34 is amended—

23 (A) in paragraph (1), by striking “with re-  
 24 spect to gasoline used during the taxable year  
 25 on a farm for farming purposes”,

1 (B) in paragraph (2), by striking “with re-  
 2 spect to gasoline used during the taxable year  
 3 (A) otherwise than as a fuel in a highway vehi-  
 4 cle or (B) in vehicles while engaged in fur-  
 5 nishing certain public passenger land transpor-  
 6 tation service”, and

7 (C) in paragraph (3), by striking “with re-  
 8 spect to fuels used for nontaxable purposes or  
 9 resold during the taxable year”.

10 (4) Paragraph (2) of section 35(d) is amend-  
 11 ed—

12 (A) by striking “paragraph (2) or (4) of”,  
 13 and

14 (B) by striking “(within the meaning of  
 15 section 152(e)(1))” and inserting “(as defined  
 16 in section 152(e)(4)(A))”.

17 (5) Paragraph (24) of section 38(b) is amended  
 18 by striking “and” at the end.

19 (6) Paragraphs (2) and (3) of section 45L(c)  
 20 are each amended by striking “section 3280” and  
 21 inserting “part 3280”.

22 (7) Clause (ii) of section 48A(d)(4)(B) is  
 23 amended by striking “subsection” both places it ap-  
 24 pears.

1           (8) The last sentence of section 125(b)(2) is  
 2           amended by striking “last sentence” and inserting  
 3           “second sentence”.

4           (9) Subclause (II) of section 167(g)(8)(C)(ii) is  
 5           amended by striking “section 263A(j)(2)” and in-  
 6           serting “section 263A(i)(2)”.

7           (10) Subparagraph (G) of section 1260(c)(2) is  
 8           amended by adding “and” at the end.

9           (11) Paragraph (2) of section 1297(a) is  
 10          amended by striking “subsection (e)” and inserting  
 11          “subsection (f)”.

12          (12) Paragraph (2) of section 1400O is amend-  
 13          ed by striking “under of” and inserting “under”.

14          (13) The table of sections for part II of sub-  
 15          chapter Y of chapter 1 is amended by adding at the  
 16          end the following new item:

“Sec. 1400T. Special rules for mortgage revenue bonds.”.

17          (14) Subsection (b) of section 4082 is amended  
 18          to read as follows:

19          “(b) NONTAXABLE USE.—For purposes of this sec-  
 20          tion, the term ‘nontaxable use’ means—

21               “(1) any use which is exempt from the tax im-  
 22               posed by section 4041(a)(1) other than by reason of  
 23               a prior imposition of tax,

24               “(2) any use in a train, and

1 “(3) any use described in section  
2 4041(a)(1)(C)(iii)(II).

3 The term ‘nontaxable use’ does not include the use of ker-  
4 osene in an aircraft and such term shall not include any  
5 use described in section 6421(e)(2)(C).”.

6 (15) Paragraph (4) of section 4101(a) (relating  
7 to registration in event of change of ownership) is  
8 redesignated as paragraph (5).

9 (16) Paragraph (6) of section 4965(c) is  
10 amended by striking “section 4457(e)(1)(A)” and  
11 inserting “section 457(e)(1)(A)”.

12 (17) Subpart C of part II of subchapter A of  
13 chapter 51 is amended by redesignating section  
14 5432 (relating to recordkeeping by wholesale deal-  
15 ers) as section 5121.

16 (18) Paragraph (2) of section 5732(c), as re-  
17 designated by section 11125(b)(20)(A) of the  
18 SAFETEA-LU, is amended by striking “this sub-  
19 part” and inserting “this subchapter”.

20 (19) Paragraph (3) of section 6427(e) (relating  
21 to termination), as added by section 11113 of the  
22 SAFETEA-LU, is redesignated as paragraph (5)  
23 and moved after paragraph (4).

1           (20) Clause (ii) of section 6427(l)(4)(A) is  
2           amended by striking “section 4081(a)(2)(iii)” and  
3           inserting “section 4081(a)(2)(A)(iii)”.

4           (21)(A) Section 6427, as amended by section  
5           1343(b)(1) of the Energy Policy Act of 2005, is  
6           amended by striking subsection (p) and redesign-  
7           nating subsection (q) as subsection (p).

8           (B) The Internal Revenue Code of 1986 shall  
9           be applied and administered as if the amendments  
10          made by paragraph (2) of section 11151(a) of the  
11          SAFETEA-LU had never been enacted.

12          (22)(A) Paragraph (3) of section 9002 is  
13          amended by striking “section 309(a)(1)” and insert-  
14          ing “section 306(a)(1)”.

15          (B) Paragraph (1) of section 9004(a) is amend-  
16          ed by striking “section 320(b)(1)(B)” and inserting  
17          “section 315(b)(1)(B)”.

18          (C) Paragraph (3) of section 9032 is amended  
19          by striking “section 309(a)(1)” and inserting “sec-  
20          tion 306(a)(1)”.

21          (D) Subsection (b) of section 9034 is amended  
22          by striking “section 320(b)(1)(A)” and inserting  
23          “section 315(b)(1)(A)”.

1           (23) Section 9006 is amended by striking  
2           “Comptroller General” each place it appears and in-  
3           serting “Commission”.

4           (24) Subsection (c) of section 9503 is amended  
5           by redesignating paragraph (7) (relating to transfers  
6           from the trust fund for certain aviation fuels taxes)  
7           as paragraph (6).

8           (25) Paragraph (1) of section 1301(g) of the  
9           Energy Policy Act of 2005 is amended by striking  
10          “shall take effect of the date of the enactment” and  
11          inserting “shall take effect on the date of the enact-  
12          ment”.

13          (b) CLERICAL AMENDMENTS RELATED TO THE  
14          GULF OPPORTUNITY ZONE ACT OF 2005.—

15               (1) AMENDMENTS RELATED TO SECTION 402 OF  
16          THE ACT.—Subparagraph (B) of section 24(d)(1) is  
17          amended—

18                       (A) by striking “the excess (if any) of” in  
19                       the matter preceding clause (i) and inserting  
20                       “the greater of”, and

21                       (B) by striking “section” in clause (ii)(II)  
22                       and inserting “section 32”.

23               (2) EFFECTIVE DATE.—The amendments made  
24          by this subsection shall take effect as if included in

1 the provisions of the Gulf Opportunity Zone Act of  
 2 2005 to which they relate.

3 (c) CLERICAL AMENDMENTS RELATED TO THE  
 4 SAFE, ACCOUNTABLE, FLEXIBLE, EFFICIENT TRANSPOR-  
 5 TATION EQUITY ACT: A LEGACY FOR USERS.—

6 (1) AMENDMENTS RELATED TO SECTION 11163  
 7 OF THE ACT.—Subparagraph (C) of section  
 8 6416(a)(4) is amended—

9 (A) by striking “ultimate vendor” and all  
 10 that follows through “has certified” and insert-  
 11 ing “ultimate vendor or credit card issuer has  
 12 certified”, and

13 (B) by striking “all ultimate purchasers of  
 14 the vendor” and all that follows through “are  
 15 certified” and inserting “all ultimate purchasers  
 16 of the vendor or credit card issuer are cer-  
 17 tified”.

18 (2) EFFECTIVE DATE.—The amendments made  
 19 by this subsection shall take effect as if included in  
 20 the provisions of the Safe, Accountable, Flexible, Ef-  
 21 ficient Transportation Equity Act: A Legacy for  
 22 Users to which they relate.

23 (d) CLERICAL AMENDMENTS RELATED TO THE EN-  
 24 ERGY POLICY ACT OF 2005.—



1           (1) AMENDMENT RELATED TO SECTION 1344 OF  
2       THE ACT.—Subparagraph (B) of section 6427(e)(5),  
3       as redesignated by subsection (a)(19), is amended by  
4       striking “2006” and inserting “2008”.

5           (2) AMENDMENTS RELATED TO SECTION 1351  
6       OF THE ACT.—Subparagraphs (A)(ii) and (B)(ii) of  
7       section 41(f)(1) are each amended by striking  
8       “qualified research expenses and basic research pay-  
9       ments” and inserting “qualified research expenses,  
10      basic research payments, and amounts paid or in-  
11      curred to energy research consortiums,”.

12          (3) EFFECTIVE DATE.—The amendments made  
13      by this subsection shall take effect as if included in  
14      the provisions of the Energy Policy Act of 2005 to  
15      which they relate.

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