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House of Representatives

The House met at 10 a.m.

The Chaplain, the Reverend Daniel P. Coughlin, offered the following prayer:

Lord God, in whom we live, move and have our being, send forth Your spirit upon the Members of the House of Representatives today.

As they try to finish the work You have set before them in this 109th Congress, we hope that civil discourse, rightful compromise and mutual learning from one another may produce lasting results for Your people.

And when they take leave of committee staffs and each other for the August break, may all Members find peace awaiting them at home. Together with family and friends, may they enjoy summer days and quiet evenings so their souls are renewed and lasting values are embraced with greater fortitude for the good of all Americans and the future of this Nation.

Lord, we pray for an end of terrorism and an atmosphere of world peace be established to free all people of anxiety and foster better family life and stable communities.

May the Lord go before you to prepare your way. May the Lord be above you with every blessing; and may the Lord carry you safely until you return. For He lives and reigns as Sovereign Lord now and forever.

Amen.

THE JOURNAL

The SPEAKER. The Chair has examined the Journal of the last day's proceedings and announces to the House his approval thereof.

Pursuant to clause 1, rule I, the Journal stands approved.

PLEDGE OF ALLEGIANCE

The SPEAKER. Will the gentleman from Texas (Mr. POE) come forward and lead the House in the Pledge of Allegiance.

Mr. POE led the Pledge of Allegiance as follows:

I pledge allegiance to the Flag of the United States of America, and to the Republic for which it stands, one nation under God, indivisible, with liberty and justice for all.

BORDER SECURITY

(Ms. FOXX asked and was given permission to address the House for 1 minute.)

Ms. FOXX. Mr. Speaker, America cannot be a secure Nation without first having secure borders. Inadequate border security not only opens up America to the abuses of illegal immigration, it also leaves our Nation vulnerable to criminal and even terrorist activity.

House Republicans have taken a strong stance on this issue. Democrats, on the other hand, support the Reid-Kennedy bill, a soft piece of legislation that would do little to discourage the lawlessness that we have encroaching into our Nation. It would require illegal immigrants to pay taxes for only 3 of the 5 years they have been in our country, and would guarantee Social Security benefits to illegals for the time they have been in the country unlawfully.

The Reid-Kennedy bill is just as unjust as it is dangerous. If a current American citizen tried to pay taxes 3 out of every 5 years, he would be put in jail. Why do we extend this privilege to people who aren't even citizens? It is simply ludicrous.

During August, Republicans will hold 21 hearings across the country on immigration. We hope these hearings will help us get a strong border security bill on the President's desk.

EXXONMOBIL PROFITS

(Mr. KUCINICH asked and was given permission to address the House for 1 minute and to revise and extend his remarks.)

Mr. KUCINICH. Mr. Speaker, ExxonMobil profits surged 36 percent to $10.4 billion in just the last 3 months. That means they made $1,310 a second in profit. In the 1 minute I have to address this Congress, ExxonMobil will make $79,080 in profit. In 1 minute they will make more than most hard-working Americans make in a year.

As consumers are being gouged at the pump, Big Oil runs the administration, bringing us war and environmental disaster and economic decline. Oil was at about $23 a barrel at the start of this administration. Now it is at $74 a barrel. If this administration goes ahead and attacks Iran, it will go to $130 a barrel and about $5 a gallon for gas.

This Congress must do more than genuflect with tax breaks and subsidies to Big Oil. It is time we took the side of the consumers whose budgets are being crushed and mobility being crushed by $3 a gallon gas. It is time for a 100 percent excess profit tax on the oil companies. That is what my bill, H.R. 2070, does. It will lower the price of gas because it will tax excess profits of oil companies and it won't increase the price of gasoline.

My minute is up, but the oil companies' profits are eternal, unless we stop the price gouging with a 100 percent excess profits tax.

ELIMINATING PREVENTABLE MEDICATION ERRORS

(Mr. MURPHY asked and was given permission to address the House for 1 minute and to revise and extend his remarks.)

Mr. MURPHY. Mr. Speaker, a recent study by the Institute of Medicine reported preventable medication errors injure over 1.5 million patients and cost over $3.5 billion each year. In other studies these costs are even higher. One stated it cost Medicare $29 billion per year in health care costs.

Medication errors include adverse drug reactions or errors of dosage or

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type of medication. A misspelled drug name, illegible handwriting, or if the physician is not aware of a patient's other prescriptions, these can all lead to problems.

Yesterday, the House passed the Health Information Technology Promotion Act to help doctors and hospitals work together to eliminate drug errors. Computerized prescriptions instantaneously give physicians vital information and double-check all prescriptions to put patient safety first.

To learn more about eliminating preventable medication errors, or other ways we can save lives and save money in health care, I would urge my colleagues to visit my Web site at murphy.house.gov.

DO-LESS-THAN-DO-NOTHING CONGRESS LEAVES AGAIN WITHOUT ADDRESSING AMERICA'S PRIORITIES

(Mr. PALLONE asked and was given permission to address the House for 1 minute.)

Mr. PALLONE. Mr. Speaker, as the Republicans prepare to leave on a 5-week vacation, this Congress is best described as the ''do-less-than-do-nothing Congress.''

Despite the fact that the minimum wage has not been increased in 9 years, House Republicans refuse to allow a clean vote on the minimum wage, which will prevent 6 million Americans from receiving a much needed pay raise. If Republicans were really interested in raising the minimum wage, they wouldn't attach it to bills they know will never be signed into law.

And despite the fact that Republicans have been critical of border security, they continue to refuse to come to the negotiating table so that we can pass a comprehensive immigration and border security bill into law this year.

And despite the fact that gas prices are once again at record highs, House Republicans have yet to pass a tough price gouging bill into law, and refuse to join us in repealing $20 billion in tax breaks and subsidies to their friends in Big Oil.

Mr. Speaker, the American people have every reason to be disgusted with this House. It is time we take America in a new direction. The American people want a Congress that works for them.

NATIONAL MOTTO: IN GOD WE TRUST

(Mr. POE asked and was given permission to address the House for 1 minute.)

Mr. POE. Mr. Speaker, this House has much tradition and history. We start each day every day with a prayer to the Almighty, the Pledge, and the flag is displayed in the center of this House. Above that flag, appropriately so, is the phrase, ''In God We Trust.''

Fifty years ago this month, President Eisenhower signed legislation declaring this to be our national motto. Our great leaders believed in this self-evident truth.

Benjamin Franklin said at the Constitutional Convention, ''The longer I live, the more convinced I see this truth, God governs the affairs of men, and if a sparrow cannot fall to the ground without his notice, is it probable that an empire can rise without his aid?''

President George Washington, in his first inaugural address said: ''It would be improper to omit in this first official act, my fervent supplications to the Almighty Being who rules this universe, who presides in the councils of nations.''

And finally, Thomas Jefferson said, ''Our liberties are the gift of God.''

Mr. Speaker, we must and shall preserve, believe and uphold America's motto, ''In God We Trust.''

And that's just the way it is.

MINIMUM WAGE INCREASE

(Ms. SOLIS asked and was given permission to address the House for 1 minute.)

Ms. SOLIS. Good morning, Mr. Speaker. Today I would like to talk about the Republican leadership and the fact that they are ignoring the needs of millions of Americans who right now are making minimum wage. They haven't seen an increase in over 10 years.

They are holding the pay raise for American workers hostage by adding partisan poison pills that will damage and ruin a clean minimum-wage bill that the Democrats support.

Americans deserve a straight up-or-down vote on increasing the minimum wage for working families, most of whom are women, single head of household with children.

Mr. Speaker, our constituents know that you can't fool them. They know that the Republicans' attempt to pass a minimum-wage bill that includes harmful, unrelated legislation is just not going to pass this House.

Come November, Democrats are going to stand up, and they are going to fight with us, and we are going to take back this House.

I urge all my colleagues to reject the proposed Republican poison bills and allow a clean vote up or down on the minimum-wage bill.

□ 1015

COMMENDING THE U.S. COAST GUARD

(Mr. WILSON of South Carolina asked and was given permission to address the House for 1 minute and to revise and extend his remarks.)

Mr. WILSON of South Carolina. Mr. Speaker, as we approach the 1-year anniversary of Hurricane Katrina, it is appropriate that we remember the valiant service of the U.S. Coast Guard. During our Nation's most destructive natural disaster, these men and women went above and beyond the call of duty.

The sheer magnitude of the Guard's response was astounding. One-third of its air fleet was deployed in the Gulf region. Six years of search-and-rescue operations were completed in 1 week. More than 33,520 lives were saved.

Mr. Speaker, it is important to note that these servicemembers were not unaffected bystanders. Sixty-nine percent of Coast Guard members were themselves victims of the hurricane; yet they put their own distress aside to save those in need. These men and women are truly American heroes, despite negative, false reporting by the drive-by media.

In conclusion, God bless our troops, and we will never forget September 11.

ATTACKING OIL COMPANY PROFITS

(Mr. EMANUEL asked and was given permission to address the House for 1 minute.)

Mr. EMANUEL. Mr. Speaker, yesterday Exxon reported its second-highest quarterly profit ever. Net income, $10 billion, up 36 percent. But they are not the only ones raking in the cash. Shell reported a 40-percent increase in profit. BP, a 30-percent increase. ConocoPhilips, a 65-percent increase in profit.

And whom does this oil industry have to thank? Lee Raymond and his outsized $400 million retirement package?

No. The oil companies have the Republican Congress to thank for their huge bank accounts. In 2005, the oil and gas companies spent $86 million lobbying the United States Congress, and they received $14.5 billion in taxpayer-funded handouts. You cannot get that type of return on Wall Street or in Vegas. $86 million for lobbying, $14.5 billion in corporate welfare. So Americans are paying twice, once when they fill up their tanks, and then again on April 15.

We must stop handing out welfare checks to Big Oil. It is high time big oil companies got off the taxpayer dole.

Mr. Speaker, it is time for a change. And it is time for a new direction.

MEDICARE PHYSICIAN PAYMENT HEARING

(Mr. BURGESS asked and was given permission to address the House for 1 minute and to advise and extend his remarks.)

Mr. BURGESS. Mr. Speaker, maybe it is because I am also a physician, but one of the questions I get most frequently at town hall meetings or just after the town hall meeting is: How come I turned 65 and I have got to change doctors?

The reason, Mr. Speaker, is because we are relying on a formula, a 10-year-old formula, a failed formula that does not adequately reimburse physicians'

offices for what it costs them to deliver the care to our Medicare patients.

To that end, a bill has been introduced, H.R. 5866, and I would encourage other Members to spend some time over the August break to look at this bill. Yes, it is a little long. Yes, it is a little complex. But it is important work. It ensures that physicians receive full and fair payment for their services based on the cost of the inputs that costs them to run their practice. It creates quality performance measures that allows patients to be informed consumers. It builds on the quality improvement that we have done in this Congress and that private medicine has done throughout the country for the last decade. And, finally, it seeks to find reasonable methods of paying for these benefits within the bill.

Mr. Speaker, the time has come to revise this failed formula that serves no one good. We need to provide physicians with regular, stable, predictable updates to the cost of their practices.

CREDIT UNION REGULATORY IMPROVEMENTS ACT

(Mr. UDALL of Colorado asked and was given permission to address the House for 1 minute and to revise and extend his remarks.)

Mr. UDALL of Colorado. Mr. Speaker, we all recognize the importance of the financial services industry, including both banks and credit unions, to our economy. I support and applaud the steps they have taken toward better services and improved products, but I think there is some need for some changes.

That is why I have introduced a bill dealing with credit cards and am cosponsoring H.R. 2317, to update the regulation of credit unions. My support for credit unions does not reflect hostility to banks because I do not think credit unions represent a threat to the continued success of banks.

In 2005, bank profits reached a record level. Banks have a 94 percent share of the financial services industry, and the net growth in bank assets in 2005 was nearly as much as the combined total assets of all credit unions in the country. So I do not think modest changes that are in H.R. 2317 represent a real threat to the continued success of the banking industry.

When we return in September, we should have an opportunity to consider both H.R. 2317 and my bill, H.R. 5383, the Credit Card Accountability, Responsibility, and Disclosure Act.

HOUSE ACCOMPLISHMENTS

(Mr. GINGREY asked and was given permission to address the House for 1 minute and to revise and extend his remarks.)

Mr. GINGREY. Mr. Speaker, I rise today to proudly reflect upon the accomplishments of this Congress. As we head into the August district work period, let us look back on all we have achieved for the American people.

Under Republican leadership this House has passed legislation to bolster our economy and prevent a tax increase on millions of Americans, including small business owners, seniors, and families.

We have worked to pass a fiscally responsible budget. We have funded the War on Terror, giving our servicemen and women the tools and support they need to take the fight to the enemy. Equally important, we have worked to secure this homeland.

We have passed legislation helping American families. We got tough on child exploitation over the Internet and voted to increase funding and resources to fight methamphetamine in all our communities. We have passed legislation to protect our Pledge of Allegiance, to curb illegal Internet gambling, and to protect our right to display the American flag.

Mr. Speaker, the list goes on and on and on. This Congress is working for the American people, and I ask that you join me in praising all that we have accomplished.

RECESS

The SPEAKER pro tempore (Mr. SHIMKUS). Pursuant to clause 12(a) of rule I, the Chair declares the House in recess subject to the call of the Chair.

Accordingly (at 10 o'clock and 21 minutes a.m.), the House stood in recess subject to the call of the Chair.

□ 1705

AFTER RECESS

The recess having expired, the House was called to order by the Speaker pro tempore (Mr. THORNBERRY) at 5 o'clock and 5 minutes p.m.

GENERAL LEAVE

Mr. BURTON of Indiana. Mr. Speaker, I ask unanimous consent that all Members may have 5 legislative days within which to revise and extend their remarks and include extraneous material on the subject of my remarks.

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

There was no objection.

HONORING DAN GETZ

(Mr. BURTON of Indiana asked and was given permission to address the House for 1 minute.)

Mr. BURTON of Indiana. Mr. Speaker, last night we had a terrible tragedy occur in my office. My assistant for foreign policy, Dan Getz, who was age 37, dropped dead of a heart attack.

Dan was an outstanding young man. He worked very, very hard in dealing with foreign policy issues, and he was a real credit to everybody that works here in the House.

One of the things that Members and the people of the country don't realize sometimes is how hard the people behind the scenes work. The staff people here and the staff on the committees work very, very hard day and night to make sure we are ready for debate on the floor of the House and our committee meetings. And Dan was one of the people that I thought did exemplary work. He worked so hard for us.

In fact, this week we had two hearings, and he didn't have assistants to help him, and he did it all by himself. And I feel a little guilty that he had to work so hard. So we were going to give him today off so that he could recuperate from all the hard work.

He went home last night to his beautiful wife, Lydia, and his two daughters, Nova and Sonia, who are both very, very young. I think they are very young children. And evidently he was resting and he keeled over with a heart attack; and before the rescue team could get there, he passed away.

So I would just like to say to his wife and his children how sorry we are. And I want to make this commitment to them, that if there is anything they need, I and my staff will do everything we can to make sure that they are taken care of, and that means financially as well.

And we will miss you, Dan. And the Good Lord willing, we will see you in heaven.

RECESS

The SPEAKER pro tempore. Pursuant to clause 12(a) of rule I, the Chair declares the House in recess subject to the call of the Chair.

Accordingly (at 5 o'clock and 7 minutes p.m.), the House stood in recess subject to the call of the Chair.

□ 1810

AFTER RECESS

The recess having expired, the House was called to order by the Speaker pro tempore (Mr. THORNBERRY) at 6 o'clock and 10 minutes p.m.

WAIVING REQUIREMENT OF CLAUSE 6(a) OF RULE XIII WITH RESPECT TO CONSIDERATION OF CERTAIN RESOLUTIONS

Mr. HASTINGS of Washington. Mr. Speaker, by direction of the Committee on Rules, I call up House Resolution 958 and ask for its immediate consideration.

The Clerk read the resolution, as follows:

H. RES. 958

Resolved, That the requirement of clause 6(a) of rule XIII for a two-thirds vote to consider a report from the Committee on Rules on the same day it is presented to the House is waived with respect to any resolution reported on the legislative day of July 28, 2006, providing for consideration or disposition of any of the following measures:

(1) A conference report to accompany the bill (H.R. 2830) to amend the Employee Retirement Income Security Act of 1974 and the Internal Revenue Code of 1986 to reform the pension funding rules, and for other purposes.

(2) A bill to amend the Internal Revenue Code of 1986 to increase the unified credit against the estate tax to an exclusion equivalent of $5,000,000, to repeal the sunset provision for the estate and generation-skipping taxes, and to extend expiring provisions, and for other purposes.

(3) A bill to provide economic security for all Americans, and for other purposes.

The SPEAKER pro tempore. The gentleman from Washington (Mr. HASTINGS) is recognized for 1 hour.

Mr. HASTINGS of Washington. Mr. Speaker, for the purpose of debate only, I yield the customary 30 minutes to the gentleman from Massachusetts (Mr. MCGOVERN), pending which I yield myself such time as I may consume. During consideration of this resolution, all time yielded is for the purposes of debate only.

(Mr. HASTINGS of Washington asked and was given permission to revise and extend his remarks.)

Mr. HASTINGS OF WASHINGTON. Mr. Speaker, House Resolution 958 is a same-day rule waiving clause 6(a) of rule XIII (requiring a two-thirds vote to consider a rule on the same day it is reported from the Rules Committee) against certain resolutions reported from the Rules Committee.

This resolution applies a waiver to any special rule reported on the legislative day of July 28, 2006, providing for the consideration or disposition of any of the following measures:

A conference report to accompany the bill (H.R. 2830) to amend the Employee Retirement Income Security Act of 1974 and the Internal Revenue Code of 1986 to reform the pension funding rules, and for other purposes.

A bill to amend the Internal Revenue Code of 1986 to increase the unified credit against the estate tax to an exclusion equivalent of $5 million, to repeal the sunset provision for the estate and generation-skipping taxes, and to extend expiring provisions, and for other purposes.

A bill to provide economic security for all Americans, and for other purposes.

Mr. Speaker, this is the last week before Congress will recess for the month of August so that Members can return home and spend their time meeting and working with those they represent. As such, we will not be returning to Washington, D.C., to conduct legislative business until September 6. Currently, there are several pieces of legislation of vital importance to the American people that are being worked on and are near completion.

It is imperative that we pass this same-day rule so that the House can consider these measures before the August recess. Once the House completes consideration, these measures can be sent to the Senate for deliberation before it recesses next week.

These important measures include a conference report to accompany the Pension Protection Act and legislation providing permanent estate tax relief and extending several important tax provisions in order to allow workers and families to keep more of their hard-earned money.

Mr. Speaker, the House Committee on Rules may meet later today to provide rules for the consideration of these measures once they are completed. House Resolution 958 will help facilitate the timely consideration of certain measures today.

Mr. Speaker, I urge my colleagues to support the same-day rule so that we can move forward to consideration of additional rules later today and eventually on the all important must-pass bills for the American people.

Mr. Speaker, I reserve the balance of my time.

Mr. MCGOVERN. Mr. Speaker, I want to thank my good friend from Washington (Mr. HASTINGS) for yielding me the customary 30 minutes. I yield myself 5½ minutes.

Mr. Speaker, I rise in strong opposition to this martial law rule. For weeks and weeks and weeks, this House has wasted valuable time. We have spent short workdays during short workweeks passing meaningless legislation without doing a thing to actually help the American people.

□ 1815

Today, the day before the August recess, this Republican leadership is bringing to the floor legislation that will actually be harmful to America's working families.

The martial law rule before us, passed last night by the Republicans in the Rules Committee, makes three bills in order: first, the pension conference report, which will lead to benefit cuts for millions of workers; second, a tax cut bill mostly for the rich, including an estate tax cut that affects only the very wealthiest in the country; and third, this is my favorite, ''a bill to provide economic security for all Americans, and for other purposes.'' Okay. Can anybody in this House tell me what that means? Of course not.

Apparently, the Republican leadership will be presenting a minimum wage bill that will be loaded down with sweetheart tax deals for the wealthy and the corporate special interests, the same special interests that call the shots in the Republican House.

So here we are voting on a rule to bring up bills that appeared literally just an hour ago which no one has read, 1,200 pages of legislation, Mr. Speaker, that the Members of this House have not had an opportunity to review, 1,200 pages.

This is what passes for the legislative process in the House these days, and it would be laughable if it were not so sad.

The Republican strategy is as apparent as it is cynical. They want to clutter the minimum wage bill with so many giveaways to the wealthiest Americans and to corporations that it will never actually become law. That way, the dozens and dozens of vulnerable Republican incumbents can claim that they voted to increase the minimum wage, while the corporate special interests can claim victory for killing it.

Senate tax writes have already rejected, on a bipartisan basis, proposals that combine the estate tax with a tax extenders package, which is exactly what the House Republican leadership has put forward today as an attachment to the minimum wage.

The losers in this mess are hard-working American families who deserve to make a wage that keeps them out of poverty.

No wonder the American people are so sick and tired of politics as usual in Washington. For months, years even, a clear bipartisan majority has existed in the House to support an increase in the minimum wage with no strings attached. The Republican leadership has been dragged kicking and screaming to this point. It is an amazing thing to watch.

I would ask my Republican colleagues, why is it so impossible for you to do anything good for working families? Why does it cause you such pain and anguish and hand-wringing?

Congress has not raised the minimum wage since 1997. That is 9 years. During that same period, Congress has raised its own salary eight times. Now, that is what I call out of touch.

A Republican House staffer told the Columbus, Ohio, Dispatch, ''Not too many people work at minimum wage anymore. I don't think it gets you anywhere politically.''

Mr. Speaker, maybe I missed it and Columbus, Ohio, is on a different planet these days because nearly 15 million Americans will benefit from a minimum wage increase, 6.6 million directly and 8.3 million indirectly. Almost 60 percent of these workers are women; 40 percent are people of color.

The average corporate CEO, who will benefit, of course, from the estate tax cut, earns more before lunchtime than a minimum wage worker earns all year.

Mr. Speaker, I cannot say it more plainly. The priorities of this Republican leadership are not the priorities of the American people. What the American people want and what they deserve is a clean up-or-down vote on increasing the minimum wage, period. They will not be getting it today.

I am sick and tired of the priorities of this Republican Congress being determined by who has the fattest checkbook, by who contributes the most money to their campaigns.

Low-income workers do not have high-priced lobbyists. They do not contribute huge amounts of money to politicians or political parties, but these are the people who make this country work, Mr. Speaker. These are the people who do the hard labor, each and

every day to keep this country running. They deserve a break. They deserve a raise. They deserve the ability to provide for their families.

For once, just once, I urge my Republican colleagues to do the right thing. Reject this martial law rule.

Mr. Speaker, I reserve the balance of my time.

Mr. HASTINGS of Washington. Mr. Speaker, I reserve my time.

Mr. MCGOVERN. Mr. Speaker, I yield 2 minutes to the gentleman from Texas (Mr. GENE GREEN).

Mr. GENE GREEN of Texas. Mr. Speaker, I thank my colleague for yielding to me.

Mr. Speaker, this is Keystone Cops legislation. I fully expect to see the Marx Brothers, Larry, Curly and Moe, as Members of Congress here today.

Today, or tonight, we do not know if are going to vote on pension reform, associated health plans, repealing of the estate tax, tax extensions, or a minimum wage increase, or any combination or all of the above. It will be late on Friday night before we vote on any of these vital issues. Our constituents cannot be fooled by this late night flim-flam.

We should have an up-and-down vote on a minimum wage increase, not a vote on minimum wage increase and the estate tax at the same time or pension reform or whatever else the leadership feels convenient to add to this bill.

It is hard to hit a moving target, and rather than playing games, we should remember that there are people in this country who make $5.10 an hour. This is a real issue that impacts real people.

We have not raised the minimum wage since 1997. When adjusted for inflation, the minimum wage is the lowest it has been in 50 years. When it takes a full day's pay to fill up your gas tank, something is wrong.

A minimum wage earner makes only $10,700 a year. This is well below the poverty threshold for a family of three which is $16,600 a year.

We need to lift these hardworking Americans out of poverty and have a true vote on the minimum wage.

The estate tax may be part of the package. It is clear that my Republican colleagues do not really want to pass a minimum wage bill. The Senate has not been able to muster the 60 votes to pass the estate tax bill in years. I do not know why we want to create an illusion that we are passing the minimum wage law when we know that this law is going to fail in the Senate.

Let us stop playing games with people's lives. Let us have a straight up-and-down vote on the minimum wage so hardworking Americans can see who stands with them and who stands against them.

I urge my colleagues to vote against this martial law legislation, but also against any flim-flam or Larry, Curly and Moe legislation that they may want to bring up in the middle of the night.

Mr. HASTINGS of Washington. Mr. Speaker, I yield myself 1 minute.

Mr. Speaker, in the bill that we will be considering later on that has the minimum wage provisions as my friend from Texas was talking about, it also has some very important tax, what we call tax extenders bills, that would otherwise expire.

One of those extenders is something I know is very important to the citizens of Texas in that it allows sales tax deductibility for those States that do not have a State income tax. The Speaker pro tempore is one of those, my State is one of those, and my friend from Texas also has that.

So I would hope that while we have the minimum wage in the same bill as the sales tax, it seems to me to be a pretty attractive package.

Mr. Speaker, I reserve my time.

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

Let me just respond to the gentleman. What is frustrating to us here tonight is the fact that for months and months and months we have been trying to get a straight up-or-down vote on the minimum wage. We think it is an absolute disgrace that the minimum wage has not been raised since 1997, 9 years, and in those 9 years, Congress has given itself eight pay raises. We think there is something wrong with that, and we want to see passed and enacted into law an increase in the Federal minimum wage.

So we want a straight up-or-down vote because we think that is the best way you can get that.

Instead, what you do, you bring a minimum wage bill to floor to provide some of your more vulnerable Members cover, and you bring it in a package that you know probably is not going to go anywhere in the Senate because the previous combination of the estate tax and the tax extenders package has not gone anywhere in the Senate.

So this is about cover, political cover, and not about giving millions and millions of Americans, hardworking Americans who have been neglected by the Republican Congress for years, the raise that they deserve.

The minimum wage has not been raised since 1997, and adjusted for inflation, the current minimum wage is at its lowest level in more than 50 years. Minimum wage earners working 40 hours per week, 52 weeks per year, make $10,712. That is nearly $6,000 below the poverty line for a family of three. Thirty-five percent of those workers are their family's sole wage earners; 61 percent are women; and almost one-third of those women are raising children.

The average annual cost of family health insurance is more than a minimum wage worker's income for a whole year, and given the cost of gasoline, it takes a full day's pay for a minimum wage earner to fill just one tank of gas.

What we want is not political cover. What we want is to give these hardworking Americans, millions and millions and millions of Americans, who constantly get neglected by this Congress, who always get a cold shoulder when it comes to trying to provide them some help, what we want to do is give them a raise.

If Members of the House deserve a raise, these low-income wage earners also deserve a raise.

Mr. Speaker, I yield 3 minutes to the gentlewoman from Texas (Ms. JACKSON-LEE).

(Ms. JACKSON-LEE of Texas asked and was given permission to revise and extend her remarks.)

Ms. JACKSON-LEE of Texas. Mr. Speaker, I thank the distinguished gentleman for his leadership.

Wars are raging on the borders of Israel and Lebanon; wars are raging in Iraq; our soldiers are being redeployed not once, not two times and three times. I met with a young lady just recently. She has relatives who have been redeployed three times or more. Funds for the war are increasing, and my good friends on the other side, rather than stay here and work on the issues of the day, will put forward legislation that will have no place and go nowhere in the other body.

Frankly, the package that is being put through today under this martial rule will cost $800 billion. Right now, I filed legislation to provide humanitarian aid to Lebanon to help those who are noncombatants get out safely, to find a way to help Americans who are stranded in Lebanon to get safely home, and we are addressing legislation that makes no sense.

I voted for a sales tax relief for the State of Texas. I am a Texan, and I sure believe in helping home and many other States that suffer under the burden of excessive taxes. But you cannot give an $800 billion tax relief that no one is going to address, in the Senate, in regular order. It has to pass in the Senate and then the President signs it. And at the same time, we fail to entertain livable wages for Americans, a minimum wage increase for Americans, while we, of course, have increases.

So when you look at this package and you see this, this is going nowhere. This is to put Members on the line to be embarrassed or to go home and say why did you vote against the sales tax. I voted for it many times. I want it to pass, but it is not going to pass this way. It is going to have to pass in negotiation between the House and the Senate because Texas does deserve relief, but so do the millions of those who are not being able to make ends meet.

What about your soldiers that are on food stamps, the very soldiers who are on the front lines in Iraq? The privates are on food stamps, and we have got $800 billion in tax relief to the richest of Americans who do not even need it.

That is what the problem is with this legislation. We waited here all day. I do not have a problem. We can be here all night. We can be here until tomorrow. We can pass H.R. 945, the Lebanon Humanitarian Relief, so we can protect

those noncombatants who are being bombed and who cannot even defend themselves. I am not concerned about protecting Hezbollah, but I am concerned about mothers and children and babies who cannot even get out because they are on the road and they are being bombed. We need a corridor that gives us that kind of separation.

But Mr. Speaker, this is no explanation. Let us get an up-or-down vote on minimum wage. Let us try to address the crisis in the Mideast. Let us help by getting real pension reform. Let us speak to the American people. Let us not play jokes here in the Congress of the United States of America.

Mr. MCGOVERN. Mr. Speaker, I yield 2 minutes to the gentlewoman from California (Ms. WOOLSEY).

Ms. WOOLSEY. Mr. Speaker, as a former welfare mom, I know what it is like to try to get by on a paycheck that is not enough to make ends meet.

Today's minimum wage earner is trying to live on a wage that has not been raised for 9 years. Minimum wage has not been raised in 9 years, but you can be sure the cost of food has gone up over that period of time. The cost of health care has skyrocketed. The price of gas is higher than most people ever imagined it could be. Over 6 million people are trying to live in the year 2006 earning $1,997.

So what is the Republican majority's solution to solving the problems for those who do not have enough?

□ 1830

They want to give more tax cuts to those who have more wealth than the average American can even imagine. They want to excuse the richest 7,500 families in this country from contributing like they ought to. It is time we stand up for those who don't have enough. It is time we say no to those who want too much.

I urge my colleagues to oppose creating an American aristocracy by repealing the estate tax. Vote ''no'' on this rule until we have a clean up-or-down vote on the minimum wage.

Mr. MCGOVERN. Mr. Speaker, I want to state for the record, just so there is no question as to where the Republican majority is coming from, let me read to you a quote that appeared in a June 22 story of the Associated Press entitled ''GOP-Run Senate Kills Minimum Wage.'' This is a quotation from our House Majority Leader.

He says, and I quote, ''I have been in this business for 25 years and I have never voted for an increase in the minimum wage. I am opposed to it, and I think a vast majority of our rank and file is opposed to it.''

That is what the other side thinks about the minimum wage, and that is why we need to demand an up-or-down vote.

Mr. Speaker, I yield 3½ minutes to the gentleman from Maryland, our distinguished whip, Mr. HOYER.

Mr. HOYER. I thank the gentleman from Massachusetts. I agree with what the gentleman has just said. The Republican leadership is opposed to raising the minimum wage, opposed to lifting 6.6 million people out of poverty. No Member of the House should harbor any illusions about what the Republican leadership is doing, therefore.

Today, the Republican leadership is engaging in a political stunt, in my opinion; a cynical sham, a cruel ploy to undermine a long overdue increase in the Federal minimum wage, an increase that would benefit literally millions of American workers and their families. Democrats have continually fought for a clean up-or-down vote on increasing the minimum wage from $5.15 to $7.25 per hour over 2 years, the first increase in 10 years.

Hear me: Groceries have not been frozen in price. Gasoline hasn't been frozen in price. Rents haven't been frozen in price. But wages of minimum-wage workers have been frozen for 10 years, and we continue to fight today about this.

The fact is, I believe a majority of the Members of this body support an increase in the minimum wage, even if the Speaker, the Majority Leader, and the majority of the House Republicans do not. But the will of the House will be thwarted today if this rule passes.

On June 12, the Appropriations Committee adopted on a bipartisan vote an amendment to the Labor, Health and Human Services and Education appropriation bill that would increase the minimum wage by $2.10 per hour over 2 years. That bill has been languishing unconsidered for the last 2 months. In response, the Republican leadership has refused to bring that appropriation bill up for a vote.

On July 13, 64 Republicans joined all Democrats in indicating their support for an increase in the minimum wage by voting for a Democratic motion to instruct on the vocational education bill. But instead of providing for a fair up-and-down vote on the minimum wage, the Republican leadership today has combined an increase in the hourly rate with an estate tax cut that will benefit the heirs of the wealthiest estates in America and drive our Nation hundreds of billions, approximately $800 billion further into debt.

If nothing else, Mr. Speaker, this bill certainly tells the American people precisely where the Republican priorities lie. Their priorities lie with Paris Hilton and other heirs of the super wealthy, not the hard-working Americans who work 40 hours a week earning a minimum wage and are living in poverty in the richest Nation on the face of the earth.

Mr. Speaker, this Republican bill wreaks of cynicism. It is a political stunt designed to give vulnerable Republicans in tough elections the opportunity to say they voted to raise the minimum wage, even though they know this bill is a shell game. We will give with one hand and take with the other.

The estate tax will not pass. It has not passed. We have already passed it. We don't need to pass it again. But it is put on this bill as a poison pill to kill it because the Republican leadership opposes raising the minimum wage. What a shame.

Mr. MCGOVERN. Mr. Speaker, I yield 1¼ minutes to the gentleman from Massachusetts (Mr. FRANK).

Mr. FRANK of Massachusetts. Mr. Speaker, I have served here 26 years. Eight years before that I was in the State legislature. And before that, I studied legislatures. They are a subject of fascination to me because I believe deeply in democracy. I have never seen democracy so degraded in a purportedly legitimate institution as by this bill today.

It is solely intended to allow Members of your party, Mr. Speaker, to pretend to be for an increase in the minimum wage to get them safely past an election. There are plenty of ways, if they were really for increasing the minimum wage, they could join and give us the majority to do it. But you are allowing them to be dishonest.

This proposal that links the estate tax and the minimum wage in a bill that you know is not going to pass the Senate is the most ethically repugnant, intellectually dishonest, morally bankrupt ploy I have ever seen in a legislative body. For you, Mr. Speaker, and your party to perpetrate this conscious, deliberate deception, not just on the American people, but particularly on the poorest and hardest working among them, is something I would have thought previously even you would have been ashamed to do.

Apparently, shame has become entirely irrelevant to you and your party.

Mr. HASTINGS of Washington. Mr. Speaker, I feel a great deal of respect for my friend that just spoke, and I want to go on record as saying that I am one of those that is not in favor of raising the minimum wage. I have never voted for that. And my State, by the way, has, if not the highest, one of the highest minimum wages in the country.

But I am going to vote for this bill. And I am going to vote for this bill not because I embrace the minimum wage, I am going to vote for this bill because it has the estate tax provision in there. I am going to vote for this bill because it has the sales tax deduction for Washington State and other States that don't have sales tax deductibility. And my expectation is, my expectation is that the other body will vote accordingly and pass the bill, therefore, we will have the minimum wage increase that my friend from Massachusetts talked about.

It seems to me it is the best of all worlds in the give and take of the legislative process as we near a recess.

Mr. FRANK of Massachusetts. Mr. Speaker, will the gentleman yield?

Mr. HASTINGS of Washington. I yield to the gentleman from Massachusetts.

Mr. FRANK of Massachusetts. I thank the gentleman for his honesty.

He is against the minimum wage, so he is going to vote for this bill. I would simply point out that I am for the minimum wage so I am going to vote against this sham.

Mr. HASTINGS of Washington. Well, reclaiming my time, I am glad the gentleman told me that.

Mr. Speaker, I reserve the balance of my time.

Mr. MCGOVERN. Mr. Speaker, at this time, I yield 2 minutes to the gentleman from Oregon (Mr. DEFAZIO).

Mr. DEFAZIO. We are mixing our symbols here. You have heard of Christmas in July and you heard the gentleman before me. This is truly Christmas in July for the wealthiest among us, those who have estates worth more than $10 million, so they won't have to carry a share of the burden of paying for our country.

But this is really more of an April Fools in July. The calendar lies to us. Because the Republicans are saying that there is some equivalence between raising the minimum wage, something in 10 years of Republican rule that has never been raised, from $5.15 an hour. Three million kids are dependent upon sole wage earners who earn the minimum wage, living in abject poverty at $10,000 a year.

Some of them are pumping gas into the limousine of Lee Raymond. Who is Lee Raymond? He is the guy who just retired from ExxonMobil with a $400 million pension extorted from the American people by gouging at the gas pump. Guess how much this bill would be worth to Mr. Raymond's heirs if he died next year? $128 million. A $128 million tax savings for one individual in this proposal, which will be financed on the backs of working Americans for the next 30 years.

Because, guess what, we are running a deficit. So if we are going to give Mr. Raymond's heirs a $128 million tax break, then we are going to have to borrow the money to do it. We would borrow $80 billion a year to give the Paris Hiltons and, yes, the Lee Raymonds, and the others who have estates worth more than $10 million a bye. And they say that is a trade-off for after 10 years of delay and disassembling to give a tiny increase that still won't bring 6 million Americans up to the poverty level who are earning the minimum wage.

Shame on you for Christmas for the wealthiest among us in July and shame on you for April Fools on working Americans.

Mr. MCGOVERN. Mr. Speaker, I would like to yield 3 minutes to the gentleman from Massachusetts (Mr. DELAHUNT).

Mr. DELAHUNT. I thank the gentleman for yielding. And as I listened to my friend from Oregon, I was thinking that we are helping the wealthiest of Americans by borrowing from China, by borrowing from China to subsidize that tax cut and further adding to the deficit.

But, Mr. Speaker, by the time I am finished speaking, Exxon will have made $158,160 in profits, as opposed to 17 cents earned for the 2 minutes worked by the gas station attendant. In the hour allotted to the debate, Exxon will have made over $4,744,800. And if you are currently paid the minimum wage, you will have made $5.15. In a 40-hour week, Exxon will make a staggering $189,792,000 compared to the $206 earned by someone on minimum wage. Of course that is before taxes. Welcome to Wonderland, Alice.

It has been 10 years since the Federal minimum wage was last adjusted, the longest period of time in which Congress has refused an increase. During that time, the price for gas has skyrocketed a whopping 136 percent, health care costs for working families have jumped 97 percent, college tuition has ballooned 77 percent, and the price of bread and milk has risen 25 percent.

Far too many families are struggling to make ends meet, living paycheck to paycheck and going deeper and deeper into debt. It is not about paying at the pump any more, now working families are feeling it in the aisles of the local supermarket or when they visit the drugstore.

We will not have a straight up-or-down vote on a clean minimum wage bill to help our working families, many of whom face a bleak future thanks to the Draconian budget cuts proposed by the administration and passed by this Congress. Instead, if we want to see the minimum wage addressed in this session of Congress, we are being forced to approve tax cuts that benefit the wealthiest among us and the Nation's corporations. That is just wrong.

Mr. HASTINGS of Washington. Mr. Speaker, how much time remains on both sides?

The SPEAKER pro tempore. The gentleman from Washington has 25 minutes remaining, and the gentleman from Massachusetts has 5¼ minutes remaining.

Mr. HASTINGS of Washington. Mr. Speaker, I reserve the balance of my time.

Mr. MCGOVERN. Mr. Speaker, at this time I would like to yield 2 minutes to the gentleman from Washington (Mr. MCDERMOTT).

(Mr. MCDERMOTT asked and was given permission to revise and extend his remarks.)

Mr. MCDERMOTT. Mr. Speaker, a number of Members have come to this floor and have wondered why there isn't moral outrage. Well, when you have a President who leads you into war on all kinds of misrepresentations, when we have now lost 2,500 Americans, and when we have spent $400 billion with no moral outrage about that, who would expect there to be moral outrage about the fact that somebody is making $5.15 an hour in this country?

□ 1845

Now, we have Members of Congress, of course, who have indexed their salary to inflation. And this year we are all going to pick up $3,300. Nobody is going to blink. That is a third of what a minimum-wage worker makes working all year.

If we had indexed the minimum wage to inflation, they would be making almost $13 an hour. But, of course, we can't think of doing something like that. That would be humane to the people that we have kicked off welfare and all the other things we have done in this society.

We have taken away pensions. We have put companies in bankruptcy. We have shifted jobs overseas, and the few that are working in this country, we want them working for as little as possible.

Well, the Republicans found a cure for that. They waited till after the news had closed for Friday. In the darkness of the night, on a Friday, they are going to pass a bill that they are going to use for their press releases on Monday when they get home to their districts: I voted to raise the minimum wage. I care about the working people of my district, they will proclaim in loud voices.

But the fact is, they know this bill isn't going to pass. And what is going to pass, they hope, is the $300 billion for the richest among us, those poor rich people who can hardly get by. Their hearts are bleeding, but the Republicans are taking care of it. Don't worry, you rich folks. They have got you in mind. They don't care what happens to the poor.

Mr. MCGOVERN. Mr. Speaker, I yield 2 minutes to the gentleman from California (Mr. SHERMAN).

(Mr. SHERMAN asked and was given permission to revise and extend his remarks.)

Mr. SHERMAN. Mr. Speaker, this bill is a sham concealing an insult hiding a hypocrisy. It is a sham legislative process to bring a bill of thousands of pages, which has yet to be distributed to any of us, for a midnight vote.

It is an insult to turn to the hard-working people working for $5.15 an hour and tell them that, first, you will get a little bit more, but it still will be less purchasing power than you had decades ago. But second, you will get it only if it is tied to relief for those who pay the estate tax.

You know, people have misnamed the estate tax the death tax. It is really and literally the millionaire's tax. The tax falls only on those who are heirs. It reduces the amount they will inherit, and only on those who are heirs to estates of over $7 million a family.

We Democrats have proposed that we permanently lift the estate tax on all families on the first $7 million. That would cost about $22 billion a year.

This bill has provisions virtually abolishing the millionaire's tax and, therefore, will cost this country, when fully phased in, $66 billion a year.

So a few quarters an hour to those who are earning the minimum wage, and $44 billion a year to those who are heirs of estates above $7 million a family.

That would be an insult. But don't worry about it, because it is shrouded in a hypocrisy. You see, this bill isn't designed to go anywhere. It is designed to come to the floor, we vote on it at midnight, then the Senate won't pass it.

If you have voted against raising the minimum wage a dozen times, as most of the Republicans in this House have, don't think you can get well by voting for this bill.

Mr. HASTINGS of Washington. Mr. Speaker, I have no more speakers, if the gentleman is prepared to close.

Mr. McGOVERN. How much time do I have left, Mr. Speaker?

The SPEAKER pro tempore. The gentleman has 1¼ minutes.

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

Mr. Speaker, let me urge all my colleagues, both Republican and Democrat, to oppose this rule. This is a martial law rule. There are 1,200 pages of legislation that nobody has read. This is not the way this House should be run.

People who are watching this on TV are scratching their heads and wondering how in the world can Members of Congress vote on legislation that they have never seen, that they haven't had a chance to read. But that is exactly what we are being asked to do tonight, and that is wrong.

What is happening right now is a deliberate attempt to, essentially, give people cover on the minimum wage, on a bill that will die.

This is not going to be enacted into law. We know that because the Senate has already made it clear that they are not going to support this legislation. And so this is political cover for Republicans who are afraid that they are going to be criticized for not voting for the minimum wage.

If you want a minimum wage, then vote for it up or down. Don't clutter it up with tax breaks for millionaires and for special corporate interests.

The fact of the matter is that it takes a full day's pay for a minimum-wage earner to fill just one tank of gas. The average CEO earns 821 times more than a minimum-wage worker. The average CEO earns more before lunchtime than a minimum-wage worker earns all year.

Let's not be cynical. Let's defeat this martial law rule. Let's give the Members of this House an opportunity to vote on the minimum wage up or down. That is what the American people deserve. Vote ''no'' on this martial law rule.

Mr. HASTINGS of Washington. Mr. Speaker, I yield myself the balance of time.

Mr. Speaker, this rule allows for consideration of two very important bills, bills that have been worked on extremely hard on both sides of the aisle and on both sides of the rotunda. One of them is the pension reform bill that has been worked on by the respective committees for 5 or 6 years on a bipartisan basis. The bill that we will take up later on pension reform is the conference report. But because of the timing and some logistics, this is the best way to address this issue is to take the bill up and pass it so that the Senate can act on it next week.

The other bill is a minimum-wage increase bill. I don't know how many times this body, in the last several months, has had procedural motions regarding the minimum wage. So we are going to have a minimum-wage bill before us later on tonight. And with that bill, with the expectation that the other body will talk about it and will pass it favorably, will be something that this body has addressed several times.

The estate tax, or the death tax, has been addressed by this Congress on two occasions. The first occasion was to totally eliminate it. And it passed this body on a bipartisan basis. The second time was a cap that we will take up, very similar to what we will take up later on. It also passed on a bipartisan basis. So the issues that we are taking up and allowing to take up with this rule aren't new to this body.

So I urge my colleagues to vote for this same-day rule and to vote, later on, for the rule that will allow consideration of these two measures that I just talked about. They are important to our constituents; and the sooner we do it, the better off we will be.

And I must say too, Mr. Speaker, the expectation is that both of these measures that we will take up later on tonight will be passed by the other body next week and they will become law. And amongst that is the minimum-wage increase that my friends on the other side of the aisle have been talking about.

Mr. Speaker, I yield back the balance of my time, and I move the previous question on the resolution.

The previous question was ordered.

The SPEAKER pro tempore. The question is on the resolution.

The question was taken; and the Speaker pro tempore announced that the ayes appeared to have it.

Mr. McGOVERN. Mr. Speaker, I object to the vote on the ground that a quorum is not present and make the point of order that a quorum is not present.

The SPEAKER pro tempore. Evidently a quorum is not present.

The Sergeant at Arms will notify absent Members.

The vote was taken by electronic device, and there were—yeas 217, nays 192, not voting 24, as follows:

[Roll No. 418]

YEAS—217

Abercrombie
Aderholt
Akin
Alexander
Bachus
Baker
Barrett (SC)
Bartlett (MD)
Barton (TX)
Bass
Beauprez
Biggert
Bilbray
Bishop (UT)
Blackburn
Blunt
Boehner
Bonilla
Bonner
Bono
Boozman
Boustany
Bradley (NH)
Brady (TX)
Brown (SC)
Brown-Waite, Ginny
Burgess
Burton (IN)
Calvert
Camp (MI)
Campbell (CA)
Cannon
Cantor
Capito
Carter
Castle
Chabot
Chocola
Cole (OK)
Conaway
Crenshaw
Cubin
Culberson
Davis (KY)
Davis, Tom
Dent
Diaz-Balart, L.
Diaz-Balart, M.
Doolittle
Drake
Dreier
Duncan
Ehlers
Emerson
English (PA)
Everett
Feeney
Ferguson
Fitzpatrick (PA)
Flake
Foley
Forbes
Fortenberry
Fossella
Foxx
Franks (AZ)
Frelinghuysen
Gallegly
Garrett (NJ)
Gerlach
Gibbons
Gilchrest
Gillmor
Gingrey
Goode
Goodlatte
Granger
Graves
Green (WI)
Gutknecht
Hall
Harris
Hart
Hastert
Hastings (WA)
Hayes
Hayworth
Hefley
Hensarling
Herger
Hobson
Hoekstra
Hostettler
Hulshof
Hunter
Hyde
Inglis (SC)
Issa
Jenkins
Jindal
Johnson (CT)
Johnson (IL)
Johnson, Sam
Keller
Kelly
Kennedy (MN)
King (IA)
King (NY)
Kingston
Kirk
Kline
Knollenberg
Kolbe
Kuhl (NY)
LaHood
Latham
LaTourette
Leach
Lewis (CA)
Lewis (KY)
LoBiondo
Lucas
Lungren, Daniel E.
Mack
Manzullo
Marchant
McCaul (TX)
McCotter
McCrery
McHenry
McHugh
McKeon
McMorris
Mica
Miller (FL)
Miller (MI)
Miller, Gary
Moran (KS)
Murphy
Musgrave
Myrick
Neugebauer
Ney
Nussle
Osborne
Otter
Paul
Pearce
Pence
Peterson (PA)
Petri
Pickering
Pitts
Poe
Pombo
Porter
Price (GA)
Pryce (OH)
Putnam
Radanovich
Ramstad
Regula
Rehberg
Reichert
Renzi
Reynolds
Rogers (AL)
Rogers (KY)
Rogers (MI)
Rohrabacher
Ros-Lehtinen
Royce
Ryan (WI)
Ryun (KS)
Saxton
Schmidt
Schwarz (MI)
Sensenbrenner
Sessions
Shadegg
Shaw
Shays
Sherwood
Shimkus
Shuster
Simmons
Simpson
Smith (NJ)
Smith (TX)
Sodrel
Souder
Stearns
Sullivan
Sweeney
Tancredo
Taylor (NC)
Terry
Thomas
Thornberry
Tiahrt
Tiberi
Turner
Upton
Walden (OR)
Walsh
Wamp
Weldon (FL)
Weldon (PA)
Weller
Westmoreland
Whitfield
Wicker
Wilson (NM)
Wilson (SC)
Wolf
Young (AK)
Young (FL)

NAYS—192

Ackerman
Allen
Andrews
Baird
Baldwin
Barrow
Bean
Becerra
Berkley
Berman
Berry
Bishop (GA)
Bishop (NY)
Blumenauer
Boren
Boswell
Boucher
Boyd
Brady (PA)
Brown (OH)
Brown, Corrine
Butterfield
Capps
Capuano
Cardin
Cardoza
Carnahan
Carson
Case
Chandler
Clay
Cleaver
Clyburn
Conyers
Cooper
Costa
Costello
Cramer
Crowley
Cuellar
Cummings
Davis (AL)
Davis (CA)
Davis (FL)
Davis (IL)
Davis (TN)
DeFazio
DeGette
Delahunt
DeLauro
Dicks
Dingell
Doggett
Doyle
Edwards
Emanuel
Engel
Eshoo
Etheridge
Farr
Fattah
Filner
Ford
Frank (MA)
Gonzalez
Gordon
Green, Al
Green, Gene
Grijalva
Gutierrez
Harman
Hastings (FL)
Herseth
Higgins
Hinchey
Hinojosa
Holden
Holt
Honda
Hooley
Hoyer
Inslee
Israel
Jackson (IL)
Jackson-Lee (TX)
Jefferson
Johnson, E. B.
Jones (OH)
Kanjorski
Kaptur
Kennedy (RI)
Kildee
Kilpatrick (MI)
Kind
Kucinich
Langevin
Lantos
Larsen (WA)
Larson (CT)
Lee
Levin

Lipinski
Lofgren, Zoe
Lowey
Lynch
Maloney
Markey
Marshall
Matheson
Matsui
McCarthy
McCollum (MN)
McDermott
McGovern
McIntyre
McNulty
Meek (FL)
Melancon
Michaud
Millender-McDonald
Miller (NC)
Miller, George
Mollohan
Moore (KS)
Moore (WI)
Moran (VA)
Murtha
Nadler
Napolitano
Neal (MA)
Oberstar
Obey
Olver
Ortiz
Owens
Pallone
Pascrell
Pastor
Pelosi
Peterson (MN)
Pomeroy
Price (NC)
Rahall
Rangel
Reyes
Ross
Rothman
Roybal-Allard
Ruppersberger
Rush
Ryan (OH)
Sabo
Sánchez, Linda T.
Sanchez, Loretta
Sanders
Schakowsky
Schiff
Schwartz (PA)
Scott (GA)
Scott (VA)
Serrano
Sherman
Skelton
Slaughter
Smith (WA)
Snyder
Solis
Spratt
Strickland
Stupak
Tanner
Tauscher
Taylor (MS)
Thompson (CA)
Thompson (MS)
Tierney
Towns
Udall (CO)
Udall (NM)
Van Hollen
Velázquez
Visclosky
Wasserman Schultz
Waters
Watson
Watt
Waxman
Weiner
Wexler
Woolsey
Wu
Wynn

NOT VOTING—24

Baca
Bilirakis
Boehlert
Buyer
Coble
Davis, Jo Ann
Deal (GA)
Evans
Gohmert
Istook
Jones (NC)
Lewis (GA)
Linder
McKinney
Meehan
Meeks (NY)
Northup
Norwood
Nunes
Oxley
Payne
Platts
Salazar
Stark

□ 1929

Messrs. CARDOZA, AL GREEN of Texas and BARROW changed their vote from ''yea'' to ''nay.''

So the resolution was agreed to.

The result of the vote was announced as above recorded.

A motion to reconsider was laid on the table.

Stated for:

Mr. NUNES. Mr. Speaker, on the legislative day of Friday, July 28, 2006, I was unavoidably detained and was unable to cast a vote on rollcall vote No. 418. Had I been present, I would have voted ''yea'' on this vote.

REPORT ON RESOLUTION PROVIDING FOR CONSIDERATION OF H.R. 5970, ESTATE TAX AND EXTENSION OF TAX RELIEF ACT OF 2006 AND H.R. 4, PENSION PROTECTION ACT OF 2006

Mr. HASTINGS of Washington, from the Committee on Rules, submitted a privileged report (Rept. No. 109–613) on the resolution (H. Res. 966) providing for consideration of the bill (H.R. 5970) to amend the Internal Revenue Code of 1986 to increase the unified credit against the estate tax to an exclusion equivalent of $5,000,000, to repeal the sunset provision for the estate and generation-skipping taxes, and to extend expiring provisions, and for other purposes; and consideration of the bill (H.R. 4) to provide economic security for all Americans, and for other purposes, which was referred to the House Calendar and ordered to be printed.

□ 1930

PROVIDING FUNDING AUTHORITY TO FACILITATE EVACUATION OF PERSONS FROM LEBANON

Mr. WOLF. Mr. Speaker, I ask unanimous consent that the Senate bill (S. 3741) to provide funding authority to facilitate the evacuation of persons from Lebanon, and for other purposes, be taken from the Speaker's table, amended in the form that I have placed at the desk, and hereby passed; that the amendment placed at the desk be considered as read; and that the motion to reconsider be laid upon the table.

The Clerk read the title of the Senate bill.

The text of the Senate bill is as follows:

S. 3741

Be it enacted by the Senate and House of Representatives of the United States of America in Congress assembled,

SECTION 1. FUNDING AUTHORITY.

(a) TRANSFER AUTHORITY.—

(1) AUTHORITY.—

(A) IN GENERAL.—Upon a determination by the Secretary of State described in subparagraph (B), the Secretary may transfer to the ''Emergencies in the Diplomatic and Consular Service'' account from unobligated amounts in any account under the ''Administration of Foreign Affairs'' heading such sums as may be necessary—

(i) to cover the costs of facilitating the evacuation under section 4 of the State Department Basic Authorities Act of 1956 (22 U.S.C. 2671) of persons from Lebanon on or after July 16, 2006; and

(ii) to replenish the ''Emergencies in the Diplomatic and Consular Service'' account up to the level of funding that existed in such account on July 15, 2006.

(B) DETERMINATION.—A determination referred to in subparagraph (A) is a determination that additional funding for the ''Emergencies in the Diplomatic and Consular Service'' account is necessary as a result of the extraordinary costs of facilitating the evacuation under section 4 of the State Department Basic Authorities Act of 1956 (22 U.S.C. 2671) of persons from Lebanon on or after July 16, 2006.

(C) TREATMENT OF FUNDS.—Amounts transferred under subparagraph (A) shall be merged with amounts in the ''Emergencies in the Diplomatic and Consular Service'' account, and shall be available for the same purposes, and subject to the same conditions and limitations, as amounts in such account.

(2) NOTIFICATION REQUIREMENT.—

(A) IN GENERAL.—Except as provided under subparagraph (B), not later than 5 days before transferring funds under paragraph (1), the Secretary of State shall notify the appropriate congressional committees of the proposed transfer.

(B) EXIGENT CIRCUMSTANCES WAIVER.—The Secretary may waive the requirement under subparagraph (A) if exigent circumstances exist. In the event of such a waiver, the Secretary shall provide notice of the transfer of funds to the appropriate congressional committees as early as practicable, but in no event later than 3 days after such transfer, including an explanation of the circumstances necessitating such waiver.

(C) APPROPRIATE CONGRESSIONAL COMMITTEES DEFINED.—In this paragraph, the term ''appropriate congressional committees'' means the Committee on Foreign Relations and the Committee on Appropriations of the Senate and the Committee on International Relations and the Committee on Appropriations of the House of Representatives.

(b) USE OF CERTAIN FUNDS.—Amounts appropriated or otherwise made available by chapter 8 of title II of division B of Public Law 109–148 under the heading ''EMERGENCIES IN THE DIPLOMATIC AND CONSULAR SERVICE'' and any other unobligated amounts in the ''Emergencies in the Diplomatic and Consular Service'' account may be made available to cover the costs of facilitating the evacuation under section 4 of the State Department Basic Authorities Act of 1956 (22 U.S.C. 2671) of persons from Lebanon on or after July 16, 2006.

The text of the amendment is as follows:

Amendment offered by Mr. WOLF:

Strike subsection (a) and insert the following new subsection:

(a) INCREASE IN AVAILABLE FUNDS FOR EMERGENCY EVACUATIONS.—Notwithstanding the transfer restrictions under section 402 of the Science, State, Justice, Commerce, and Related Agencies Appropriations Act, 2006 (Public Law 109–108), the second proviso under the headings ''DEPARTMENT OF STATE AND RELATED AGENCY – DEPARTMENT OF STATE – ADMINISTRATION OF FOREIGN AFFAIRS – DIPLOMATIC AND CONSULAR PROGRAMS'' is amended by striking ''$4,000,000'' and inserting ''$19,000,000''.

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

Mr. OBEY. Mr. Speaker, reserving the right to object, I think especially in the closing days of the session, that Members ought to have an understanding of what is going on, even though this is martial law time.

So I would ask if the gentleman would please explain to the House what this action would do.

Mr. WOLF. Mr. Speaker, this amendment simply gives the permissive authority to the Secretary of State to access these and other previously appropriated funds to cover the evacuation of Lebanon.

Mr. OBEY. Mr. Speaker, continuing under my reservation, could I ask the gentleman, has the administration given us any indication of where they are likely to take funds from in order to accomplish this?

Mr. WOLF. Mr. Speaker, they have been in discussion with the staff as to some ideas. But their priority was to get this legislation passed because there are going to be more evacuations taking place.

So as of now I cannot tell you the exact places.

Mr. OBEY. Mr. Speaker, continuing under my reservation, I would hope that the administration would let the Congress know as quickly as possible where it is planning to take funds from, so that if the Congress has any concerns, we might express those concerns before we are facing a fait accompli.

Mr. OBEY. Mr. Speaker, I withdraw my reservation.

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

Ms. JACKSON-LEE of Texas. Mr. Speaker, reserving the right to object,

though I may not object, just a few days ago, I filed H. Res. 945, the Lebanon Humanitarian Relief Act with a number of cosponsors. And I raise the question to the distinguished gentleman of whether or not what we are doing today will also include a cessation of targeting infrastructure of noncombatants, and whether or not it will also establish or give the Secretary of State the ability to, if you will, negotiate safe corridors for evacuees to be able to be evacuated.

This is a crucial time in the history of our Nation, and as well in the issues dealing with the Mideast. And I am concerned that as we consider funding for the evacuation of innocent Lebanese citizens, as has been noted, several incidents have occurred where evacuees unfortunately suffered injury or death trying to escape, therefore we should instruct the Secretary of State to negotiate with the United Nations and the participants in this conflict safe corridors for the Lebanese evacuees and also a cessation of firing on noncombat structures such as airports, hospitals, schools and otherwise.

I yield to the gentleman to know if there are any instructions in this UC with respect to any of those items.

Mr. WOLF. Mr. Speaker, no, there are not. It would merely ensure that the State Department could use the existing funds to get American citizens out of harm's way and to pay the debts that they have obligated both for cruises, for ships and for other things whereby they are taking people to Cypress and other points of safety, so they can pay their bills.

Ms. JACKSON-LEE of Texas. Mr. Speaker, further reserving the right to object, let me say that I applaud the gentleman. That is an important task, if you will. With that in mind, I will simply say, I hope that we will hear from the administration, and that this Congress will proceed in August to be able to provide direct humanitarian relief to Lebanon, and as well provide for the safe passage of those who are noncombatants innocent civilians trying to escape and to protect those structures which are not involved in this conflict.

With that, I would ask the leadership of this House to support H. Res. 945 and to bring it up immediately.

H. RES. 945

Whereas, since the commencement of hostilities, over 350 Lebanese civilians, one third of whom are children according to the United Nations Emergency Relief Coordinator, and 17 Israeli civilians, have been killed;

Whereas vital infrastructure, including hospitals, power plants, bridges, roads, and food and milk factories in Lebanon have been destroyed;

Whereas over 600,000 people in Lebanon and hundreds of thousands of people in Israel have been displaced;

Whereas President George W. Bush has expressed great concern over the welfare of the people of Lebanon;

Whereas United Nations Secretary General Kofi Annan has called for an immediate cease-fire;

Whereas the United Nations Emergency Relief Coordinator has warned of a humanitarian disaster in Lebanon;

Whereas the Government of Lebanon has urgently appealed for an immediate cessation to hostilities; and

Whereas the international community has expressed support for a humanitarian corridor to Lebanon to be opened immediately to get desperately-needed humanitarian supplies to the suffering people of Lebanon: Now, therefore, be it

Resolved, That the House of Representatives—

(1) calls for the cessation of the targeting by any side of infrastructure vital to noncombatants, which also increases the likelihood of the loss of innocent civilian life;

(2) calls for a secure humanitarian corridor to be opened immediately via the seaports and airports of Lebanon to alleviate the unnecessary suffering of the people of Lebanon;

(3) calls for an immediate cease-fire in line with the urgent appeals of the Government of Lebanon and the United Nations Secretary General; and

(4) urges a comprehensive and just solution to the Arab-Israeli conflict to ensure that the peoples of the Middle East can live in peace, freedom, and prosperity.

Ms. JACKSON-LEE of Texas. Mr. Speaker, I withdraw my reservation, hoping for debate on humanitarian aid directly to Lebanon.

The SPEAKER pro tempore. Without objection, the amendment is agreed to.

There was no objection.

The Senate bill was ordered to be read a third time, was read the third time, and passed, and a motion to reconsider was laid on the table.

PROVIDING FOR CONSIDERATION OF H.R. 5970, ESTATE TAX AND EXTENSION OF TAX RELIEF ACT OF 2006 AND H.R. 4, PENSION PROTECTION ACT OF 2006

Mr. HASTINGS of Washington. Mr. Speaker, by direction of the Committee on Rules, I call up House Resolution 966 and ask for its immediate consideration.

The Clerk read the resolution, as follows:

H. RES. 966

Resolved, That upon the adoption of this resolution it shall be in order without intervention of any point of order to consider in the House the bill (H.R. 5970) to amend the Internal Revenue Code of 1986 to increase the unified credit against the estate tax to an exclusion equivalent of $5,000,000, to repeal the sunset provision for the estate and generation-skipping taxes, and to extend expiring provisions, and for other purposes. The bill shall be considered as read. The previous question shall be considered as ordered on the bill to final passage without intervening motion except: (1) one hour of debate equally divided and controlled by the chairman and ranking minority member of the Committee on Ways and Means; and (2) one motion to recommit.

SEC. 2. Upon the adoption of this resolution it shall be in order without intervention of any point of order to consider in the House the bill (H.R. 4) to provide economic security for all Americans, and for other purposes. The bill shall be considered as read. The previous question shall be considered as ordered on the bill to final passage without intervening motion except: (1) one hour of debate equally divided among and controlled by the chairman and ranking minority member of the Committee on Ways and Means and the chairman and ranking minority member of the Committee on Education and the Workforce; and (2) one motion to recommit.

The SPEAKER pro tempore. The gentleman from Washington (Mr. HASTINGS) is recognized for 1 hour.

Mr. HASTINGS of Washington. Mr. Speaker, for the purpose of debate only, I yield the customary 30 minutes to the gentleman from Massachusetts (Mr. MCGOVERN), pending which I yield myself such time as I may consume. During consideration of this resolution, all time yielded is for the purpose of debate only.

(Mr. HASTINGS of Washington asked and was given permission to revise and extend his remarks.)

Mr. HASTINGS of Washington. Mr. Speaker, House Resolution 966 is a closed rule providing for consideration of H.R. 5970. The rule provides 1 hour of general debate on H.R. 5970 in the House equally divided and controlled by the chairman and ranking minority member of the Committee on Ways and Means.

It also waives all points of order against the consideration of H.R. 5970 and provides one motion to recommit H.R. 5970.

House Resolution 966 also provides for the consideration of H.R. 4 under a closed rule. It provides 1 hour of general debate on H.R. 4 in the House equally divided among and controlled by the chairman and ranking minority member of the Committee on Ways and Means and the chairman and ranking minority member of the Committee on Education and the Workforce.

The rule waives all points of order against consideration of H.R. 4, and provides one motion to recommit.

This rule allows for consideration, Mr. Speaker, of two very important measures. The first deals with protecting the pensions of American workers. Mr. Speaker, the recent financial troubles and pension terminations of several large companies underscore the need for fundamental pension reform. The underlying bill is an agreement struck between the House and the Senate conferees on H.R. 2830, the Pension Security and Transparency Act.

The underlying bill will ensure that millions of hard-working Americans who rely on single and multi-employer pension benefits can continue to count on them. I would like to congratulate the majority leader, Mr. BOEHNER for his tireless efforts in bringing this conference report before the House today.

Mr. BOEHNER has worked on legislation to better protect the pension of workers for over 5 years now, and I commend him for his hard work on this issue. It is vital, Mr. Speaker, that we modernize current pension laws by strengthening worker's retirement security and reduce——

Mr. POMEROY. Mr. Speaker, will the gentleman yield?

Mr. HASTINGS of Washington. I yield to the gentleman from North Dakota.

Mr. POMEROY. Mr. Speaker, I heard the gentleman say now, as well during the debate on the martial law rule, that the rule brings forward the conference report on the pension bill.

Now, I was unaware that the pension bill had been reported out of the conference. And, indeed, I do not believe the conference report has ever been signed. If that is the case—

Mr. HASTINGS of Washington. Mr. Speaker, reclaiming my time, I would just tell my friend from North Dakota that that was the rule that we worked on. But there are three provisions. It was for the conference report, it was for the minimum wage bill, and it was for another bill. We are taking up the second two of those bills under that rule.

In other words, the first portion that was provided in the rule, while it is provided, is not applicable to what we are taking up tonight.

Mr. POMEROY. If gentleman would further yield. This would conclude my question. I will make a point on debate.

In my understanding of how Congress works, there is no conference report until the report has been signed by the conferees representing agreement between the House and the Senate.

Mr. HASTINGS of Washington. Mr. Speaker, reclaiming my time. Again, there was a conference report, my understanding was agreed by all but it was not signed. The gentleman is correct on that.

The underlying bill that we are taking up is that bill that was agreed by all parties on a bipartisan, bicameral basis. That is what this rule provides for.

Mr. Speaker, it is vital that we modernize the current pension laws by strengthening the workers' retirement and reducing the prospect of future multi-billion dollar tax bailouts.

In recent years, we have seen participants mistakenly believe that their pension plans are well funded only to be surprised when their plan is abruptly terminated. This legislation is intended to end that.

The underlying bill encourages workers to increase their personal savings by permanently extending several provisions to enhance pension participation and retirement savings that are set to expire in 2010.

Mr. Speaker, without a comprehensive fix to our outdated Federal pension laws, more companies will default on their work and pension plans, and more will stop pension plans for workers entirely. Now is the time for Congress to act on this important legislation.

The other measure, Mr. Speaker, that this rule will allow for will continue our ongoing commitment to American workers and taxpayers by providing economic security, enacting permanent estate tax relief, and extending numerous tax provisions that have passed the House in the past with bipartisan support.

This bill includes extending the sales tax deductibility, research and development credits and higher education incentives.

In 2001, Congress enacted, in a bipartisan fashion, to gradually phase out the death tax and fully eliminate it by 2010. However, if Congress does not extend this relief, in 2011, small business owners and family farmers will once again be assessed the full death tax up to a maximum 2001 rate of 55 percent.

The House of Representatives has acted twice in this the 109th Congress to enact a permanent solution to this form of double taxation, but unfortunately, our efforts have been blocked by the other body. Today, the House of Representatives will once again act to help families suffering the loss of a loved one from having to worry about losing the family farm or business in order to pay the Internal Revenue Service.

The expectation this time is that the other body will take up the bill and pass the bill. This legislation will provide estate and gift tax relief to America's small business owners and family farmers. Specifically, the bill would increase the exemption amount and index it for inflation, and would lower the amount of taxation on estates.

Mr. Speaker, last year, I, along with 271 other Members of Congress, supported a measure that would permanently and fully eliminate the death tax. While permanent elimination of this tax is what I will continue to work with my colleagues on, this measure is a step, in my view, in the right direction.

With permanent tax relief from this tax, many farmers and business owners will have a sense of security that they need to plan for the financial future of their business or their farm for their family.

Another important provision in the underlying bill is an extension of the State and local sales tax deduction from the Federal income tax. My State of Washington is one of nine States that do not have a State income tax.

For nearly 20 years, residents of these States have been unfairly disadvantaged by the IRS code which allows for Federal tax deductions for State income taxes, but not States that have sales tax deductions.

In 2004, my colleagues on both sides of the aisle and I fought to restore fairness to residents of States without an income tax by restoring the sales and local sales tax deduction.

I would like to thank the chairman of the Ways and Means Committee, Mr. THOMAS, for his efforts to include a State and local sales tax extension, which allow every taxpayer that chooses to itemize deductions in the States with no income tax the opportunity to continue deducting sales tax from his or her Federal tax bill.

□ 1945

By passing the underlying legislation, we will be restoring fairness for those who live, work, and raise families in those States. This will allow workers in Washington and others to keep more of their own money to spend and invest as they see fit.

While continuing to work to fight to make the State and local sales tax deduction permanent, this extension for 2 years will provide billions of dollars of relief to taxpayers in Washington and those other States, and I think it is a step in the right direction.

I am also pleased that this legislation creates a new 60 percent deduction for qualified timber capital gains through 2008. In my State of Washington, there are 8½ million acres of privately owned forests, and the forest products industry is the State's largest manufacturing sector. However, the current Tax Code puts our timber industry at a distinct disadvantage against international competition by subjecting corporate timber and forest product industries to a significantly higher income tax than their overseas competitors. Included in H.R. 5970 is a provision that lowers the timber tax and supports an industry that provides good jobs in many rural communities while strengthening its international competitiveness.

Another key provision of this bill extends the research and experimentation tax credit for 2 years. Technological innovation is vital to America's continued economic prosperity and research, and research and development is the lifeblood of innovation. However, research and development activities are expensive, and businesses generally cannot capture all of the returns on their investments. The Federal Government must continue to encourage private businesses to innovate by extending and enhancing tax incentives. The underlying bill does just that.

The underlying bill also extends several tax incentives to improve the affordability of higher education, including tax deferred education savings accounts and tax credits for post-secondary education. Specifically, it allows all taxpayers to deduct up to $4,000 of higher education expenses, which will help more students go to college.

Mr. Speaker, with about one month left before school starts, teachers will begin preparing and purchasing classroom supplies. Unless Congress acts, an important above-the-line tax deduction that expired this year will not be available to teachers when they go back to school. This bill will help teachers contain the costs of out-of-pocket expenses like books, supplies, and computer equipment while allowing them to deduct $250 from their Federal tax bill.

In an effort to encourage savings and stable retirement security, the underlying bill allows lower-income families that contribute to an individual retirement account and pension plans to continue receiving a Federal match in the form of an income tax credit for the first $2,000 of annual contributions. This encourages families to save and plan for their own retirement.

There is no question that allowing families to keep more of their hard-earned money spurs economic growth. Earlier this month, revised budget estimates projected that a recent surge in tax revenue will help shrink the Federal deficit more than previously expected. Not acting would raise taxes on millions of workers and families. We must continue the policy to grow our economy and keep our tax bills from rising.

The House of Representatives has previously passed these tax provisions on a bipartisan basis, and last December the House of Representatives passed H.R. 2830, the Pension Protection Act, by a bipartisan vote of 294–132. I would encourage my colleagues to support House Resolution 966 and both underlying bills.

Mr. Speaker, I reserve the balance of my time.

Mr. MCGOVERN. Mr. Speaker, I want to thank the gentleman from Washington for yielding me the customary 30 minutes. I yield myself 5 minutes.

Mr. Speaker, Democrats have been saying again and again and again and again the American people want and deserve a clean up-or-down vote on raising the minimum wage, and this rule does not provide for such a vote. Minimum-wage workers want and deserve a clean up-or-down vote. A clear bipartisan majority of this House wants and deserves a clean up-or-down vote, not a cynical maneuver to provide political cover for certain vulnerable Republican Members, a maneuver that the majority knows full well will kill any chance of an increase in the minimum wage this year.

Let me say to my colleagues on the other side of the aisle, maybe you can fool your constituents in August, but let me tell you, the American people will not be fooled in November.

What the Republican leadership is presenting is a bill that clutters up the minimum-wage vote with, surprise, surprise, tax cuts for the wealthy. Actually, it isn't a surprise at all. The Republican answer to every problem is more tax cuts for the wealthy. Medicare prescription drugs? Tax cuts for the wealthy drug companies and HMOs. An energy bill? Tax cuts for the oil and gas industry, despite their record-breaking profits. And, now, an increase in the minimum wage with estate tax cuts for the wealthiest few attached.

The Republicans believe that low-wage workers don't deserve a raise unless Paris Hilton also gets a big tax cut. No wonder the American people are so sick and tired of politics as usual in Washington.

I would ask my Republican colleagues, why is it so impossible for you to do anything good for working families? Why does it cause you such pain and anguish and hand-wringing? Why can't you just do the right thing?

Congress has not raised the minimum wage since 1997. That is 9 years. During that same period of time, Congress has raised its own salary eight times. Now, that is what I call out of touch. The congressional pay raise, just the amount of the pay raise in the last 9 years has been $30,000, almost triple what a minimum-wage worker earns in an entire year. The average corporate CEO, who will benefit of course from the estate tax cut, earns more before lunchtime than a minimum-wage worker earns all year. A Republican staffer told the Columbus Ohio Dispatcher: ''Not too many people work at minimum wage anymore. I don't think it gets you anywhere politically.''

Mr. Speaker, politics aren't the point. The point is to make sure that people who work hard every day in this country have enough money to feed their families and pay their rent and fill up their gas tanks.

Nearly 15 million Americans will benefit from a minimum-wage increase, 6.6 million directly and 8.3 million indirectly. Almost 60 percent of those workers are women, 40 percent are people of color, 35 percent of them are their family's sole wage earners. You want to talk about family values, about helping children? Just raise the minimum wage.

Even worse, Mr. Speaker, the massive estate tax cut being tacked onto this bill will actually harm those hard-working families by adding millions of dollars to the national debt. The children of today's minimum-wage worker will have to pay that debt. They will have to deal with increased interest rates; they will have to deal with China and other countries controlling the debt of this country. They will have to deal with the cuts in education and health care. It is outrageous, Mr. Speaker.

In addition, this rule makes in order a pension bill that not only misses an important opportunity to deal with this country's retirement security crisis; it also will lead to benefit cuts for millions of American workers.

And let me again clarify it for the record so there is no mistake: this is not a conference report that we are voting on here tonight. I want to make it clear, because there is some misunderstanding. This is not the result of the conference negotiations that we have this bill before us tonight.

The pension bill fails to encourage companies to keep offering traditional pensions to their workers, it fails companies from using bankruptcy to dump worker pension plans, and it fails to stop companies from awarding lavish retirement compensation packages to executives at the same time they cut workers' benefits.

I can't say it any more plainly, Mr. Speaker, the priorities of this Republican leadership are not the priorities of the American people. What the American people want and what they deserve is a clean up-or-down vote on increasing the minimum wage. We have voted on this issue in various procedural votes over and over and over and over. We want a clean vote. We want this to become the law of the land. We want to make sure that low-income wage earners get the raise that they deserve so they can get out of poverty. And what the American people also want and deserve is a pension bill that protects them. They won't be getting any of that today, Mr. Speaker, so I urge my colleagues to reject this rule.

Mr. Speaker, I reserve the balance of my time.

Mr. HASTINGS of Washington. Mr. Speaker, I am pleased to yield 2 minutes to the Republican conference Chair, the gentlewoman from Ohio (Ms. PRYCE).

Ms. PRYCE of Ohio. Mr. Speaker, I want to thank the gentleman, my friend, for yielding.

The agreement we have reached at long last tonight will benefit millions of hardworking Americans. This is a landmark achievement. We have attained unprecedented unity, and I am grateful for the hard work of the leadership and for our Members' commitment to getting this done for America.

Our friends on the other side of the aisle are already calling this political, but they are wrong. It is another example of House Republicans getting things done for the American people. The bill before us tonight will raise the minimum wage more than $2, to $7.25 an hour, a 41 percent increase, a provision that I am very proud to support.

Ohio workers where I live deserve a raise, and tonight that is what we are giving them, and we are doing it in a way that won't stifle job creation; but more importantly, we are doing it in a way that will be able to pass and become law. A clean up-or-down vote would never get through the Senate, the other body, and would never become law.

This legislation will also benefit family businesses by burying the death tax for good. Because of this crippling tax that has been on our books for so long, more than 70 percent of family businesses and family farms don't even make it through the second generation, and 87 percent don't even make it to the third. The death tax relief included in this bill will protect these businesses and allow them to continue to create jobs for hardworking Americans.

Mr. Speaker, this bill will also support our Nation's teachers. Teachers often contribute more than their time and talent to educate our students, frequently dipping into their own pockets to provide essential classroom supplies. The Apples for Teachers provision which I introduced years ago is expiring, but today we will extend it and these expenses will continue to be tax deductible.

Mr. Speaker, this is a vote for our teachers, for our families, for our small businesses, for our farmers, and for all hardworking Americans. I encourage my colleagues on both sides of the aisle to vote in favor of it.

Mr. MCGOVERN. Mr. Speaker, with all due respect to the previous speaker, give me a break. The Republicans know

that this is dead on arrival when it goes to the Senate. They know that there will be no increase in the minimum wage if this is the combination that goes before the United States Senate. They had to be dragged kicking and screaming here. The only reason why we are here right now is because the American people are demanding action on this issue, and they are trying to find political cover. This is beyond cynical. This is disgraceful what they are doing here on the House floor today.

Mr. Speaker I yield 4 minutes to the gentlewoman from California, a distinguished member of the Rules Committee (Ms. MATSUI).

Ms. MATSUI. Mr. Speaker, I thank the gentleman from Massachusetts for yielding me this time.

Mr. Speaker, before we begin this debate, I urge each Member to ask themselves, why did you first seek election to this House? It is my hope that it is similar to my reason: to represent my hometown, to craft laws and policies that will serve the best interests of the families and businesses of that community, and to ensure that the world we leave behind is better than the world you and I inherited. Of late, I think Congress has forgotten that.

When I compare the laundry list of items important to my constituents and the American people to what Congress is doing, a disconnect is apparent. An overwhelming majority of Americans think it is long past due to increase the minimum wage. Over the past 6 years, this Congress has done little, if anything, to help those earning the minimum wage and the families who depend on them.

The buying power of the minimum wage is now at its lowest point in 57 years. At the same time, the cost of key necessities like health care, education, and gas have been rising faster than inflation. Yet during the past 8 years, Members of Congress have raised their own pay seven times by nearly $30,000. In those same years, minimum-wage workers have not gotten a single raise. They continue to earn an average of $10,700 a year.

Raising the minimum wage is a real tangible policy decision to significantly help 7.5 million Americans who this Congress has virtually ignored. We can make this choice only by allowing an up-or-down vote on Congressman MILLER's bipartisan bill. This bill would gradually raise the minimum wage from $5.15 an hour to $7.25 an hour.

□ 2000

Since February, nearly 200 Members have signed the petition that would force and up-or-down vote on this measure, and that is what we should have today.

The only reason we have not had a vote on it is because of the Republican leadership. They resisted the will of the American people and a bipartisan coalition of Members.

And now that the minimum wage increase will finally be debated by the House, it has once again been loaded down with poison pills. If the Republican leadership really cared about raising the minimum wage, they would not have waited until the eleventh hour before the House leaves for recess. This is a transparent election-year ploy. I am confident the American people will see it for what it is.

When a party holds three votes to roll back the estate tax, but refuses to allow a clean vote on the minimum wage, it is clear where its priorities are.

While raising the minimum wage will help millions of Americans, the estate measure will primarily benefit just 7,500 families.

Looking at the majority's record, we should not be surprised.

There is the series of tax cuts that benefit the wealthiest among us, the massively flawed Medicare prescription drug benefit and subsidies for oil and gas companies. But for those in the middle class and working families, there is not much to talk about, nothing to help get access to decent health care or build on the promise of stem cell research, or lower the price of gas or make college more affordable. At the end of today, the majority certainly cannot claim to have made a good faith effort to raise the minimum wage.

And that is truly a shame, because you have squandered an opportunity to help the constituents that need your help the most.

Mr. HASTINGS of Washington. Mr. Speaker, I am pleased to yield 2 minutes to the gentlewoman from West Virginia (Mrs. CAPITO), my colleague on the Rules Committee.

Mrs. CAPITO. Mr. Speaker, I would like to thank my colleague and gentleman from Washington for yielding me time, and I rise today in strong support of the rule and the underlying legislation.

First, I would like to thank our leadership for having the foresight and leadership to bring this excellent compromise before the House. I am delighted to have been part of the 48 Republicans that have pushed through letters and meetings and other methods to ask our leadership to bring a vote on the minimum wage to this floor.

I just heard a minute ago these words, ''just raise the minimum wage,'' well, guess what. That is what this bill does.

Let me be clear, with the passage of this legislation, we will raise the minimum wage over the next 3 years to $7.25. This is real relief for those workers who are trying to support a family on a minimum wage job, bringing it closer to a true living wage. I have supported raising the minimum wage for years, and I am glad to see that on this day this vote is coming to the floor.

I am also pleased that we are including death tax relief in this measure. Unlike some of my colleagues, I see this tax relief and minimum wage bill as complementary. The death tax is a punitive measure that unfairly burdens small business owners and farmers. The sustaining of small businesses by keeping their vital assets will allow those making the minimum wage to continue working and hopefully provide greater resources to bring them above the minimum wage.

This is a jobs bill, and I encourage all of my colleagues to support this step forward for workers and the businesses that employ them.

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

All we want is a clean up-or-down vote on the minimum wage. We want this to become law. We do not want to make a political statement. This is not about a press release.

Why do we have to bog the minimum wage bill down with language to benefit the heirs of the Wal-Mart family, the Mars family? Or give Paris Hilton another tax cut? Why can we not just do what is right, which is to give low-wage income earners in this country the raise that they deserve?

We are tired of the political posturing. We want action.

Mr. Speaker, I yield 2 minutes to the gentlewoman from Connecticut (Ms. DELAURO).

Ms. DELAURO. Mr. Speaker, if my colleague that just spoke on the other side of the aisle cared about the minimum wage, she would have signed the discharge petition so we could have had an up-or-down vote on the minimum wage.

Mr. Speaker, if ever the American people needed evidence that the Republican Congress is putting politics before what is good for the American people, this is it. This is a cynical gimmick. It is designed to kill any increase in the minimum wage. It is an excuse for vulnerable Republicans to go home this August claiming they cast a vote in support of raising the minimum wage without actually impacting the life of a single family earning it.

Mr. Speaker, why must we make this debate about an estate tax that the country cannot afford, one which would benefit 7,500 families nationwide? Only 7,500 families.

What we want and what we need is an economy that produces a rising living standard for most American families, and right now, with rising interest rates, high gas prices, skyrocketing health care costs and a slowing housing market, it makes no sense whatsoever for the Congress to tether a modest increase in the minimum wage to billions of dollars in an estate tax cut for those who do not need them.

This measure shows contempt for the public interest, especially when the minimum wage has not been raised since 1997, when its purchasing power stands at its lowest in a half century.

Meanwhile, the Congress has voted to increase its own pay nine times since 1997. I cannot remember a single time

this body's attached its own pay increase to controversial legislation that the other party rejects outright, and I suspect it is not an accident.

For Democrats, this is simple. If this Congress can get a raise, the American people ought to be able to get one as well, and we should be able to vote on that with a clear up-or-down vote, no attachments, no gimmicks. Oppose this rule.

Mr. HASTINGS of Washington. Mr. Speaker, I am pleased to yield 3 minutes to the gentleman from Florida (Mr. KELLER).

Mr. KELLER. Mr. Speaker, I thank the gentleman for yielding.

Mr. Speaker, I rise today in support of the rule and of the underlying tax bill.

Mr. Speaker, if I was listening to this debate at home, I would think that we were discussing something super controversial. I would wonder if we were putting a nuclear waste site on a school playground or something to that effect. Well, nothing could be further from the truth. A lot of the criticism we are hearing today is election-year demagoguery. Here is some straight talk.

This legislation increases the minimum wage, expands the deductions for college tuition and repeals the death tax for most family-owned small businesses. That is it. That is the heart of this legislation, and let me be real specific.

The minimum wage will go from $5.15 to $7.25 an hour. College tuition will be expanded, and you can deduct up to $4,000 per year. The death tax will be repealed for those people with estates of $5 million or less. After that, it will be taxed at 15 percent.

Now, most of the controversy, supposed controversy, is addressed towards this minimum wage increase being linked to the death tax repeal for most people. Now, why do we do that? Seventy percent of all new jobs in this country are created by small business people. If we are going to increase the minimum wage, we do not want these employees to be laid off. We do not want the small businessman to be forced with an increased payroll to have no choice but to lay folks off.

We want, on the other hand, these small businesses to be successful and continue to operate. It always mystifies me why some people on the other side pretend to love jobs, yet they hate the employers who provide these jobs.

Now, how does this help? One-third of family-owned small businesses are forced to liquidate because of the death tax. We want, on the other hand, these businesses to continue to operate from one generation to the next. This is the current law if we do nothing.

In the year 2010, the death tax will be zero. In the year 2011, it will go back up to a 55 percent tax rate, 55 percent, even though the money has been taxed once at the income level. Unfortunately, the only family-owned business in America that knows for sure that their patriarch will die in 2010 is the Sopranos.

Now, I have been listening to some other comments the other side has made. They said that we are fooling our constituents; that these are just tax cuts for the wealthy like Paris Hilton; that we must be in the hip pocket of the special interests. Well, let me tell you what they did not say. Forty-three Democrats voted for this same exact death tax repeal. Are those Democrats fooling their constituents? Are they only caring about tax cuts for Paris Hilton? Are they in the hip pocket of special interests? Or are they a few people that decided to stand up to the liberal leadership and say I am an American first and I want to do what is best for small businesspeople?

We need less demagoguery, less political shenanigans, less pessimism, and what we need is more straight talk, more commonsense and more optimism.

I urge my colleagues to vote ''yes'' for the rule and ''yes'' for the bill.

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

Let us have a little straight talk. My colleagues on the other side of the aisle are tying the minimum wage to all these special tax breaks and tax breaks for Paris Hilton absolutely. They are doing this for one reason, because they know it will be dead on arrival in the Senate. That is cynical, and this is politics at its worst.

Mr. Speaker, I yield 2 minutes to the gentleman from New York (Mr. RANGEL), the distinguished ranking member of the Ways and Means Committee.

(Mr. RANGEL asked and was given permission to revise and extend his remarks.)

Mr. RANGEL. Mr. Speaker, I have been in this place a long time, but I do not remember even this close to an election seeing the type of hypocrisy that we see today.

There is only one ship that they would like to see get on the waters, and that is the estate tax relief, and it is only going to provide relief for a fraction of 1 percent, of some 7,500 individuals in the country. That is the wealthiest of the wealthy. Most Americans cannot even dream about getting to the status that they are going to be liable for taxes, and why would they want this? They want this because if you want campaign contributions, you go where the money is, and believe me, this is the cream of the crop of the money that we have in the United States of America.

They know the bill stinks to high heaven. That is why it is not on its own two feet. If this were a great thing for America and democracy, one, we would not wait until midnight to talk about it; and two, we would be so proud of it. The Star Spangled Banner would be here, the lights would be shining and we would talk about estate tax relief.

But it stinks so heavy, they try to sweeten it up by putting other tax bills on it. There must be around 40 extenders here that do good work, and so they say if you want the extenders, you got to buy this stinking rule, but that is not enough. Whatever you do for the corporations or the rich folks, but why hold millions of Americans that cannot get an increase in minimum wage, why would you put them on top of this? Why would you hold them hostage?

And whether or not the bill passes in the other House, do we not have any shame? Are not all of these issues important enough for this august body to take them up one by one?

It is almost like having a child talk about I want so badly to increase the minimum wage for them, and then you put these concrete shoes on them, as you throw them into the ocean alone and not being able to swim.

If you care about poor folks, act like it. Give them a day by themselves. Do not mix their problems up with the richest of the rich of this country. Hypocrisy, I have now seen it all.

Mr. HASTINGS of Washington. Mr. Speaker, I am pleased to yield 2 minutes to my colleague from Washington (Mr. REICHERT).

Mr. REICHERT. Mr. Speaker, I thank my good friend and fellow Washingtonian for yielding.

Mr. Speaker, I rise in support of this rule and the underlying bill, specifically H.R. 5970. This legislation includes some tax provisions that are very important to Washington State, including an extension of the State and local sales tax deduction.

The Internal Revenue Code has long allowed residents of States that have an income tax to deduct their income tax on their Federal return. However, for too long, the code penalized residents of States like mine, Washington State, which uses the sales tax as its revenue base. I am pleased that the authors of this bill have included an extension of the deductibility of State and local sales tax.

Additionally, the timber tax provision is of great importance to companies like Weyerhaeuser in Washington State.

I also rise to express my strong support for the provision in this bill which extends the research and development tax credit, which is so important to our Nation's high-tech industry and to all companies that innovate, companies in my district like Microsoft and Ramgen, which is a company conducting alternative energy research and creating cutting edge technology and products, which in turn creates jobs.

As we all know, in the 21st century the United States is competing in a global economic environment. We as a Congress must take all reasonable steps to enable American businesses to compete. Also, the kind of jobs produced in the research-driven economy are often high-paying jobs. Consumers are the beneficiaries of new and improved products.

While I support legislation to make this credit permanent, short of that, I

applaud the authors of this bill for extending the credit for 2 years.

Mr. MCGOVERN. Mr. Speaker, I yield 2 minutes to the distinguished gentleman from Michigan (Mr. LEVIN), a member of the Ways and Means Committee.

(Mr. LEVIN asked and was given permission to revise and extend his remarks.)

□ 2015

Mr. LEVIN. They say legislation is like making sausages. You have heard that. This legislation is worse, because as far as I know, sausages do not have poison pills in them. This legislation does.

It links action to help struggling families, working families with tax breaks for the very wealthy. And why the linkage? It is clear. Because the estate tax provisions can't pass on their own.

Secondly, contrary to what has been said here, a clean bill on minimum wages would be passed by the House and Senate; but when you link it, it won't happen. And that is what the majority party in this House wants, no increase in minimum wages.

And just let us think about fiscal responsibility. The estate tax change, and these are the estimates. You bring this up at the last minute, it is a little hard to have exact dollar estimates, but here they are. Over 10 years the estate tax change would cost $270 billion, and over a full 10 years, when fully into effect, $700 billion.

And, look, what would happen is not only would it be $10 million joint filers would have no estate tax, but a major break for estates between $5 million and $25 million, $10 million and $50 million for joint filers, and those above that; they still get a break. So what this does is eat up hundreds of billions of dollars, and not for family farmers and not for small businesses. Ninety-nine percent of the estates would be exempted under present law.

No, this is for the very, very wealthy. But I say this: the desperate Republicans are not going to be saved by these maneuvers. The public, fellow and sister Republicans, will not be fooled by your antics this night.

Mr. HASTINGS of Washington. Mr. Speaker, how much time remains on both sides?

The SPEAKER pro tempore (Mr. BOOZMAN). The gentleman from Washington has 11 minutes and the gentleman from Massachusetts has 13½ minutes.

Mr. HASTINGS of Washington. Mr. Speaker, I reserve the balance of my time.

Mr. MCGOVERN. Mr. Speaker, I yield 3 minutes to the gentleman from North Dakota (Mr. POMEROY).

Mr. POMEROY. Mr. Speaker, I thank the gentleman for yielding, and I rise to oppose this rule. It is, on its very face, absurd.

The bills this rule would allow to the floor include the obscene proposition that Congress must allow a massive tax break for the wealthiest few multi-millionaire families in this country in order to get an increase in the $5.15 per hour minimum wage paid to the lowest-income workers in this country.

The rule also allows to the floor a pension bill which has been falsely labeled as the conference report between the House and the Senate. Twenty million Americans in the workforce today have pensions. They are counting on a pension check to sustain them in old age, yet month after month of non-transparent legislative wheeling and dealing and the pension bill now in conference committee is stuck.

It has been an ugly process. The debate has been hot. The games played have been silly, and the differences have been personal and intense. And that is just within the Republican Party. Let me read to you from today's edition of CQ a description of last night's conference committee action:

''Anger Erupts As House GOP Snubs Pension Vote: After days of tense negotiation over pension legislation, tempers flared Thursday night when House Republicans boycotted a vote on a conference report proposal, provoking the scorn of their Senate counterparts and leaving the bill in jeopardy.

'' 'I wonder why you wouldn't have guts enough to come forward and vote,' said an emotional Senator.''

Have you ever seen such foolishness? The fate of workers' pensions hangs in the balance and our House Republicans stage a walkout on the conference and refuse even to vote. They didn't vote ''yes''; they didn't vote ''no.'' Basically, they thumbed their nose at America's workers and they thumbed their noses at the United States Senate.

And tonight they bring a new bill on pensions, a bill never voted on in the House, never voted on in the Senate, never seen any legislative committee markup, and they have the brazen gall to call it the conference report.

Our workers counting on their pensions deserve so much better than this rancorous game of legislative brinksmanship. Some may be inclined to write this whole evening off as the frantic egocentric last throes of a powerful chairman about to lose his power in retirement. But that is no justification for this nonsense.

My colleagues, let the games stop and stop right now. Reject this rule and get that conference committee on pensions back to work and let's pass a minimum wage for the lowest paid workers without being held to ransom in giving massive tax relief to the wealthiest multi-millionaire families in this country.

Mr. MCGOVERN. Mr. Speaker, at this time I would like to yield 1 minute to the gentleman from Texas (Mr. AL GREEN).

(Mr. AL GREEN of Texas asked and was given permission to revise and extend his remarks.)

Mr. AL GREEN of Texas. Mr. Speaker, it is written that ye shall know the truth and the truth shall set you free.

The truth is that this bill is not about raising the minimum wage; it is really about an inheritance tax break of around $800 billion for the wealthiest. It is not about those who work at $5.15 an hour, who work through Easter, work through Thanksgiving, work through Christmas, and at the end of the year make $10,712. It is not really about them. It is not about the least, the last, and the lost. It is about the well-off, the well-heeled, and the well-to-do.

In this country, one out of every 110 persons is a millionaire. In this country, we spend $177 million per day on the war, yet we haven't raised the minimum wage since 1997. It is not time to raise it; it is past time to raise it. And it is time to do it without tagging it to an inheritance tax break for the wealthiest.

Mr. MCGOVERN. Mr. Speaker, I yield 1 minute to the gentlewoman from California (Ms. WATSON).

Ms. WATSON. Mr. Speaker, what a fraud, what a sham. I am embarrassed to be part of a House where they spring on us a bill that neither the American people nor few of my colleagues have had a chance to review.

American workers and their families have been waiting 9 long years for an increase in the minimum wage. I represent those people. Maybe you don't. The real inflation-adjusted value of the minimum wage is at its lowest point in 50 years.

Democrats have been desperately trying for years to bring an increase in the minimum wage to the floor, but the Republican leadership has sought to block it at every turn. While working families have seen their wages fall, the U.S. Congress has received nine wage raises.

Mr. Speaker, as a result, this bill will not become law and, hence, we will not help any of the almost 15 million minimum-wage earners in the United States. What a fraud. Shame on us.

Mr. MCGOVERN. Mr. Speaker, I would like to yield 2 minutes to the gentleman from Maryland (Mr. VAN HOLLEN).

Mr. VAN HOLLEN. Mr. Speaker, I thank my colleague. This rule and the underlying bill are the kind of cynical ploy that unfortunately make Americans lose faith in their government.

Americans know that Democrats have pushed for years to increase the minimum wage from $5.15 to $7.25, a wage that has not been raised since 1996. Yet in the last 10 years, the Republican leadership has never allowed an up-or-down vote on that simple proposition, and tonight they still don't have the guts to do it.

Here is what they say to the American people: in order for American families who work at the minimum wage and earn $10,000 a year to get a small wage increase, you have got to give the 7,500 American families with estates over $7 million a big tax break.

Now, who are the losers tonight? Well, the big losers are everybody else.

If you earn more than $10,000 a year, but you don't come from one of the 7,500 families with $7 million estates, you're a loser. And that is most of America. Why are you a loser? Because you are going to be paying billions of dollars on the interest by this additional borrowing.

And here is the double standard: every year since 1996, this Republican leadership has had an up-or-down vote on congressional pay raises. They have never held their pay raise hostage to another piece of legislation. But when it comes to increasing the wages for working Americans, families earning $10,000 a year, oh, they are different from us Members of Congress. When it comes to giving them a pay raise, we are going to hold it hostage. We are going to hold it hostage to giving 7,500 American families with $7 million estates a tax break.

That is unconscionable, it is shameful, and the American people understand what is going on. The game is up. Shame on the Republican leadership.

Mr. MCGOVERN. Mr. Speaker, at this time I would like to yield 2 minutes to the gentleman from Washington (Mr. INSLEE).

(Mr. INSLEE asked and was given permission to revise and extend his remarks.)

Mr. INSLEE. Mr. Speaker, you have to ask why Members of the U.S. Congress would hold working families ransom for a very modest increase in the minimum wage after so much time has passed. Why would Members of Congress do that? How could they possibly deny people who work in our nursing homes and care for our families, people who work cleaning up our schools, people who work laboring under the hot sun on various sites, how could Members of the U.S. Congress hold them hostage? To get what their special interests, the wealthiest among us, what they want: these million dollar tax breaks.

How could they possibly do that? Well, the best explanation I can come up with is that those same Members who are holding these working families hostage tonight have had over $30,000 pay raises in the last several years themselves. Eight times they have received pay raises. Eight times their families have been well clothed and well fed. Eight times they have gone on trips on airplanes. Eight times they have had their health care needs met without worrying how they are going to pay for their kids' appendectomy. They are conditioned to be able to allow their families, the working families of this country, to tell them to go fish.

It is a moral outrage to tell the working families of this country tonight, in the darkness of night, where evil is traditionally done in human affairs, that you can tell these families that they can just go fish and not get a tiny little raise in the minimum wage unless these, the well-heeled, the special interests, those who have influence in here get their piece of the action.

Well, let me tell you, there is something in the Good Book that says by their acts ye shall know them. And by your votes you shall know them. There is a group here in Congress that thinks there is only a special group that counts in this country, and that our genius is only the wealthy.

We are the group who believes that working people are just as entitled to the respect of this Congress as those who are well off. Reject this rule and pass the minimum wage as we should.

Mr. HASTINGS of Washington. Mr. Speaker, how much time remains on both sides?

The SPEAKER pro tempore. The gentleman from Washington has 11 minutes remaining, and the gentleman from Massachusetts has 4½ minutes.

Mr. HASTINGS of Washington. I continue to reserve my time, Mr. Speaker.

Mr. MCGOVERN. Mr. Speaker, I yield 1 minute to the gentleman from Oregon (Mr. BLUMENAUER).

Mr. BLUMENAUER. I thank the gentleman for his courtesy.

I heard my friend from Puget Sound in Washington talk about how this was a good deal. You have heard speaker after speaker after speaker talk about how this is a sham, that it is not a direct vote to be able to deal with the minimum wage; but it is worse than that, because those people in Puget Sound who are tipped employees, who work for the minimum wage are going to see a $2.48 an hour cut under the Republican bill intent.

In the State of Oregon, where we have indexed the minimum wage, our people are going to see a $1.75 an hour reduction. The Republican bill cuts the wages of hundreds of thousands, perhaps millions, of workers in the States of Alaska, California, Minnesota, Montana, Nevada, Oregon, and Washington by preempting the State minimum-wage laws where a State has disallowed the employer tip tax credit.

Mr. HASTINGS of Washington. Mr. Speaker, before I yield time to my friend from Tennessee, I would remind my friend from Oregon that the minimum wage in Washington State is, if not the highest, is the second highest in the country. It is $7.63.

Mr. Speaker, I yield 3 minutes to my friend from Tennessee (Mr. WAMP).

□ 2030

Mr. WAMP. I thank the gentleman for yielding. I had no intention of speaking, but I do think that some balance and reason needs to set in here. I hate to see people I respect on the other side of the aisle say things that have really dumbed down this entire debate because I will tell you what this rule and the underlying legislation actually represents. It represents a responsible way for us to address real problems in this economy when wages haven't gone up from the bottom in 9 years, with a strong economy.

I went to my conference this week, and I said to our conference that corporate leaders haven't been responsible enough and the economy is strong. And I will tell you one reason it's strong is because our tax policy has been good for America and the economy is growing. Just this week in my home city, record construction, strong economy, low unemployment. And so this is something we want to address.

The other side says all the time, Well, you run this place. You've got majorities in the House and the Senate. And I want to remind them that we do. And if we didn't want to do this, we wouldn't do it. But we are doing it this way because this is the better way to do it. Because the small businesspeople and the family farmers need certainty in terms of this estate tax. We eliminated it, but it comes back. It is an onerous tax, it is an unfair tax, and when you raise wages, which is a fixed cost in business, you have to compensate that with smart business investments through tax policy.

Our tax policy has been good for America. Our economic policy is good for America. And frankly this wage increase is a savvy way to put it all together and make this medicine for America go down smooth and keep our economy strong. Because this will force some fixed costs up in small business and you can't just throw it on them without some people losing their jobs, and this is a fair and responsible way to do it.

I know why you are so mad and why you say things you don't really mean, because you have seen us really outfox you on this issue tonight. That is what we are doing today, is bringing a very crafty, smart, good-for-America, good-for-the-economy package and still allow the minimum wage to go up.

I hope it passes this body, the other body, because it is going to be good for America in the aggregate, not individual pieces. Right now would be an excellent time to actually put this package forward together, and I believe the country will be much better off.

I am proud of this majority that we figured out the best way to do this and do it right now. It is an excellent time. I thank our leadership for bringing this to the floor tonight. And it is not in the middle of the night. As a matter of fact, it is broad daylight here in Washington, and it is going to be that way through this entire debate across most of America.

Mr. MCGOVERN. Let me say to my friend from Tennessee, I mean every word I say.

Mr. Speaker, I yield 15 seconds to the gentleman from Oregon (Mr. BLUMENAUER).

Mr. BLUMENAUER. With all due respect to my good friend from the State of Washington, what I said was because your bill intends to take away the tip credit provisions, you are going to cut the minimum wage for thousands and thousands and thousands of Washington employees who are minimum wage who, because of the tip credit provision, you are going to cut it $1.75 an

hour immediately upon effect. And that is wrong.

Mr. MCGOVERN. Mr. Speaker, may I ask how much time I have left.

The SPEAKER pro tempore. The gentleman has 3¼ minutes.

Mr. MCGOVERN. Mr. Speaker, I yield 1 minute to the gentleman from California (Mr. SHERMAN).

Mr. SHERMAN. This is a sham procedure. A 1,000-page bill. No time to read it. It is an insulting bill. In order to provide a tiny increase in the minimum wage, we have to give billions of dollars of tax cuts to those who are inheriting from families with over a $7 million estate.

But there is a special hypocrisy here. You see, this minimum-wage bill has a poison pill. They know it won't pass the Senate. There is only one pay-increase bill that is supposed to become law. That is the one that includes our pay raise. Our pay raise went through on a clean bill. They knew it would pass the Senate. The minimum-wage increase goes with a poison pill that is dead on arrival in the Senate. We know which pay raise they want, and which pay raise they don't want.

Mr. MCGOVERN. Mr. Speaker, I yield 1 minute to our distinguished Democratic leader, the gentlewoman from California (Ms. PELOSI).

Ms. PELOSI. I thank the gentleman for yielding, and I thank him for his leadership on these very important issues before us that affect the lives of America's working families, the minimum wage, the pension bill, that are part of this rule. I also thank him for meaning what he says on the floor of the House.

Mr. Speaker, the bill before us this evening is an insult to the intelligence of the American people. It is also an insult to the over 7 million Americans who depend on an increase in the minimum wage to live from paycheck to paycheck. It is a political stunt. It isn't a sincere effort to give an increase in the minimum wage. Republicans boast that they have held out for 9 years to keep the minimum wage at $5.15 an hour. That is their proud boast. Don't take it from me. Look at the public record. And so for them to come to this floor to try to give the illusion that they are sincerely trying to raise the minimum wage when they know that this bill is dead on arrival at the United States Senate is, again, an insult to the intelligence of the American people and the hard work of the American people as well.

Just think of what it is to have a bill that says to minimum-wage workers, we'll raise your minimum wage, but only if we can give an estate tax cut to the 7,500 wealthiest families in America. This isn't about wealth. This is about super, superwealth. The only way you will get an increase in the minimum wage is if they can get a tax cut.

If there has ever been a values debate on the floor of the Congress, this certainly must be it. This should be part of the values agenda of Congress, to reward work, to pay a decent wage to people so that they can raise their families.

Democrats have a better idea. In our new direction for America, a new direction for all Americans, not just the privileged few, we make raising the minimum wage a key part of that. In addition to that, we also repeal what the Republicans have in place, which is an incentive for companies to send jobs overseas.

But back to the minimum wage. A working family, two wage-earners working full time making $5.15 an hour bring home the sum total of $20,000 a year. They are below the poverty line. I almost hope that no children are listening to this tonight, because we tell children about the work ethic, that it is important to work hard, it is important in their lives, it is important to our country's competitiveness, it is an important strength, that the middle class is a part of our democracy in our country and that the middle class must grow and be expanded instead of having a lid on what some people can aspire to in our country.

Our better idea also includes what the gentleman from North Dakota (Mr. POMEROY) offered a few weeks ago on the floor of the House. He wasn't allowed to put it in motion here, they wouldn't even allow it to be heard, but we insisted on some of the debate, anyway. And that was a cut in the estate tax that affected 99.7 percent of all Americans who file the estate tax; 99.7 percent of all filers. This .3 percent, the 7,500 wealthiest families in America, must have done something quite wonderful for the Republicans that they wouldn't even allow that to be debated on the floor and that they hook it on to this increase in the minimum wage.

Again, it is a political ploy. It's a joke. It's a hoax. It's a sham. It doesn't even rise to the level of that, so low is it in its intention.

A couple of times in the past couple of months, I have quoted from the latest papal encyclical, ''God is Love.'' It was released April 2006 by Pope Benedict. I am just drawn to it all of the time because it talks about justice, and it talks about justice in a way that affects elected officials.

In this encyclical, Pope Benedict says: ''St. Augustine wrote, 'A state which is not governed according to justice would be just a bunch of thieves.''' That is a pope quoting a saint. A saint: ''A state which is not governed according to justice would be just a bunch of thieves.''

The Pope goes on to write, and in this part of the encyclical he is talking about the responsibility of elected officials and those responsible for governing, he says, ''How do you define justice? What is justice?'' He warns of the danger, this is the Pope, warns of the danger of the ethical blindness caused by the dazzling effect of power and special interests. The dazzling effect of power and special interests and the ethical blindness that that causes.

Does that sound familiar, my colleagues? Can you relate to that in this body? Is that not at work here tonight? One of our colleagues said, this is about truth. I think many of our colleagues have. Yes, this is a moment of truth. With all of these votes of this kind, we define ourselves as a Congress. We define ourselves as a country. When the American people listen in to this debate, we are either relevant to their lives or we are not. And I think no place, well, the competition for this honor is so keen that it is hard to tell which is the worst piece of legislation the Republicans have brought to the floor, but this certainly ranks right up there, to prove how out of touch the Republicans are with the American people, how out of touch they are with people, the middle class, who are sweating it out this summer in more ways than one.

Sweating out the price of gasoline at the pump, a bill born of corruption in this body.

Seniors sweating it out in terms of paying for prescription drugs at the pharmacy where middle-income seniors are paying more for their prescription drugs.

Sweating it out in terms of the college tuition that they are going to have to paste together to send their children to college while the Republicans pass legislation that gives tax breaks to the 7,500 wealthiest families in America and freezes Pell Grants and also cuts billions of dollars out of the student loan program. Paycheck to paycheck, trying to make ends meet, to make the future better for their children. But this Congress proves over and over again it has no relationship to that challenge. None.

And so I hope my colleagues in this moment of truth will remember the words of His Holiness when he quoted a saint, St. Augustine, who many years ago said: ''Unless government promotes justice, you're just a bunch of thieves.'' I can't think of a more appropriate analogy than that for what is happening here today. We are robbing the future of America's families who are struggling for a better future for their children in order to give a tax cut of $800 billion. Not only is this a burden to these low-income families; they are saying to them, your children and future generations and everyone alive and paying taxes today will be paying for $800 billion added to our national debt.

Values? Foisting that onto our children and onto the American taxpayer. Values? Putting a sham bill together to give political cover for the cowards who won't stand up and bring a clean bill to this floor to see where the choice would be? I have no doubt that there are some right-thinking Republicans who would support a clean increase in the minimum wage. But we will soon find out when the motion to recommit is brought to the floor later this evening which will have a clean increase in the minimum wage and will also have the extenders.

□ 2045

Interesting about the extenders. The Republicans are using them as an excuse to get votes for their political ploy they have here tonight. They have been expired for 6 months. They have needed to be extended for 6 months. But the Republicans always want to wheel them out so they can attract votes to, as Mr. RANGEL called, their stinkeroo of a bill.

But, my colleagues, this is deadly serious. We are here to get the job done for the American people. We are not here to give money, a transfer of wealth, a transfer of wealth, to the wealthiest people in America. And who pays the price? The middle class. Well, if we are going to survive as a democracy, a healthy democracy which is a model to the world, it is about time we understood that central to that democracy is a thriving, expanding middle class whose job we are here to do. Let us have tax cuts for them, not for the wealthiest people in the country and send the tax bill to the middle class.

Let us remember the words of His Holiness, ''promote justice.'' Oppose this rule. Oppose this bill. And let us get serious about helping the American people.

Mr. MCGOVERN. Mr. Speaker, I yield myself the balance of my time.

Mr. Speaker, people in this country are tired of politics as usual, and what is before us today is politics as usual. It is cynical and it is wrong. This is a press release. This is a political stunt. My friends on the other side of the aisle know that there will be no minimum wage increase when you tie it to tax cuts for Paris Hilton. It is just not going to happen. The Senate has already said that this is going nowhere. You know that.

To my Republican friends who have taken to the floor today to say that they support the minimum wage, to the 20 Republicans who signed a letter to their leader asking that we bring the minimum wage to the floor, let me say that it is not enough to go through the motions. If you really believe that we should have an increase in the minimum wage, which has been stuck at $5.15 for 9 years, then you need to demand action. And what we are doing today is not demanding action.

Mr. Speaker, during those 9 years since we last raised the minimum wage, this Congress has given itself eight pay raises. There is something fundamentally wrong when we can give ourselves pay raise after pay raise, but we cannot raise the minimum wage for those who are making $5.15 an hour. These families work hard. They are working every day. They are living in poverty.

Mr. Speaker, do the right thing. Let us have a clean up-or-down vote on the minimum wage. Vote against this rule.

Mr. HASTINGS of Washington. Mr. Speaker, I yield myself the balance of my time.

Mr. Speaker, this rule provides for consideration of two very important bills. One bill is a pension reform bill that has been worked on for over 5 years on a bipartisan, bicameral basis. It is a very important piece of legislation and it needs to pass. The other bill is a bill that has two very important provisions: tax provisions dealing with the death tax and raising the minimum wage.

And I have to say, Mr. Speaker, I am curious by hearing the debate. I kept hearing on the other side of the aisle their talking about ''just give us an up-or-down vote.'' Well, I think we are sent here by our constituents to do more than vote. We are here to enact legislation. And the expectation, the expectation is that the second dealing with the tax provisions and the minimum wage will pass not only this body, but will pass the other body and become law.

I think that is much, much better service to our constituents rather than just saying give us a vote up or down and knowing that it may not pass both bodies. This will pass both bodies.

Mr. Speaker, I yield back the balance of my time, and I move the previous question on the resolution.

The previous question was ordered.

The SPEAKER pro tempore. The question is on the resolution.

The question was taken; and the Speaker pro tempore announced that the noes appeared to have it.

Mr. HASTINGS of Washington. Mr. Speaker, on that, I demand the yeas and nays.

The yeas and nays were ordered.

The SPEAKER pro tempore. Pursuant to clause 8 of rule XX, further proceedings on this question will be postponed.

PROVIDING FOR AN ADJOURNMENT OR RECESS OF THE TWO HOUSES

Mr. HASTINGS of Washington. Mr. Speaker, I offer a privileged concurrent resolution (H. Con. Res. 459) and ask for its immediate consideration.

The Clerk read the concurrent resolution, as follows:

H. CON. RES. 459

Resolved by the House of Representatives (the Senate concurring), That, in consonance with section 132(a) of the Legislative Reorganization Act of 1946, when the House adjourns on the legislative day of Friday, July 28, 2006, or Saturday, July 29, 2006, on a motion offered pursuant to this concurrent resolution by its Majority Leader or his designee, it stand adjourned until 2 p.m. on Wednesday, September 6, 2006, or until the time of any reassembly pursuant to section 2 of this concurrent resolution, whichever occurs first; and that when the Senate recesses or adjourns on any day from Thursday, August 3, 2006, through Monday, August 7, 2006, on a motion offered pursuant to this concurrent resolution by its Majority Leader or his designee, it stand recessed or adjourned until noon on Tuesday, September 5, 2006, or such other time on that day as may be specified by its Majority Leader or his designee in the motion to recess or adjourn, or until the time of any reassembly pursuant to section 2 of this concurrent resolution, whichever occurs first.

SEC. 2. The Speaker of the House and the Majority Leader of the Senate, or their respective designees, acting jointly after consultation with the Minority Leader of the House and the Minority Leader of the Senate, shall notify the Members of the House and the Senate, respectively, to reassemble at such place and time as they may designate if, in their opinion, the public interest shall warrant it.

The SPEAKER pro tempore. The question is on the concurrent resolution.

The question was taken; and the Speaker pro tempore announced that the ayes appeared to have it.

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

The yeas and nays were ordered.

The SPEAKER pro tempore. Pursuant to clause 8 of rule XX, further proceedings on this question will be postponed.

ANNOUNCEMENT BY THE SPEAKER PRO TEMPORE

The SPEAKER pro tempore. Pursuant to clause 8 of rule XX, proceedings will resume on questions previously postponed.

Votes will be taken in the following order: adoption of H. Res. 966, by the yeas and nays; adoption of H. Con. Res. 459, by the yeas and nays.

The first electronic vote will be conducted as a 15-minute vote. The next electronic vote will be conducted as a 5-minute vote.

PROVIDING FOR CONSIDERATION OF H.R. 5970, ESTATE TAX AND EXTENSION OF TAX RELIEF ACT OF 2006 AND H.R. 4, PENSION PROTECTION ACT OF 2006

The SPEAKER pro tempore. The pending business is the vote on adoption of House Resolution 966, on which the yeas and nays were ordered.

The Clerk read the title of the resolution.

The SPEAKER pro tempore. The question is on the resolution.

The vote was taken by electronic device, and there were—yeas 217, nays 194, not voting 22, as follows:

[Roll No. 419]

YEAS—217

Aderholt	Brown (SC)	Diaz-Balart, L.
Akin	Brown-Waite, Ginny	Diaz-Balart, M.
Alexander	Burgess	Doolittle
Bachus	Burton (IN)	Drake
Baker	Calvert	Dreier
Barrett (SC)	Camp (MI)	Duncan
Bartlett (MD)	Campbell (CA)	Ehlers
Barton (TX)	Cannon	Emerson
Bass	Cantor	English (PA)
Beauprez	Capito	Everett
Biggert	Carter	Feeney
Bilbray	Castle	Ferguson
Bishop (UT)	Chabot	Fitzpatrick (PA)
Blackburn	Chocola	Flake
Blunt	Cole (OK)	Foley
Boehner	Conaway	Forbes
Bonilla	Crenshaw	Fortenberry
Bonner	Cubin	Fossella
Bono	Culberson	Foxx
Boozman	Davis (KY)	Franks (AZ)
Boustany	Davis, Tom	Frelinghuysen
Bradley (NH)	Dent	Gallegly
Brady (TX)		Garrett (NJ)

Gerlach
Gibbons
Gilchrest
Gillmor
Gingrey
Goode
Goodlatte
Granger
Graves
Green (WI)
Gutknecht
Hall
Harris
Hart
Hastert
Hastings (WA)
Hayes
Hayworth
Hefley
Hensarling
Herger
Hobson
Hoekstra
Hostettler
Hulshof
Hunter
Hyde
Inglis (SC)
Issa
Jenkins
Jindal
Johnson (CT)
Johnson (IL)
Johnson, Sam
Keller
Kelly
Kennedy (MN)
King (IA)
King (NY)
Kingston
Kirk
Kline
Knollenberg
Kolbe
Kuhl (NY)
LaHood
Latham
LaTourette
Leach
Lewis (CA)
Lewis (KY)
LoBiondo
Lucas
Mack
Manzullo
Marchant
McCaul (TX)
McCotter
McCrery
McHenry
McHugh
McKeon
McMorris
Mica
Miller (FL)
Miller (MI)
Miller, Gary
Moran (KS)
Murphy
Musgrave
Myrick
Neugebauer
Ney
Norwood
Nunes
Nussle
Osborne
Otter
Pearce
Pence
Peterson (PA)
Petri
Pickering
Pitts
Platts
Poe
Pombo
Porter
Price (GA)
Pryce (OH)
Putnam
Radanovich
Ramstad
Regula
Rehberg
Reichert
Renzi
Reynolds
Rogers (AL)
Rogers (KY)
Rogers (MI)
Rohrabacher
Ros-Lehtinen
Royce
Ryan (WI)
Ryun (KS)
Saxton
Schmidt
Schwarz (MI)
Sensenbrenner
Sessions
Shadegg
Shaw
Shays
Sherwood
Shimkus
Shuster
Simmons
Simpson
Smith (NJ)
Smith (TX)
Sodrel
Souder
Stearns
Sullivan
Sweeney
Tancredo
Taylor (NC)
Terry
Thomas
Thornberry
Tiahrt
Tiberi
Turner
Upton
Walden (OR)
Walsh
Wamp
Weldon (FL)
Weldon (PA)
Weller
Westmoreland
Whitfield
Wicker
Wilson (NM)
Wilson (SC)
Wolf
Young (AK)
Young (FL)

NAYS—194

Abercrombie
Ackerman
Allen
Andrews
Baird
Baldwin
Barrow
Bean
Becerra
Berkley
Berman
Berry
Bishop (GA)
Bishop (NY)
Blumenauer
Boren
Boswell
Boucher
Boyd
Brady (PA)
Brown (OH)
Brown, Corrine
Butterfield
Capps
Capuano
Cardin
Cardoza
Carnahan
Carson
Case
Chandler
Clay
Cleaver
Clyburn
Conyers
Cooper
Costa
Costello
Cramer
Crowley
Cuellar
Cummings
Davis (AL)
Davis (CA)
Davis (FL)
Davis (IL)
Davis (TN)
DeFazio
DeGette
Delahunt
DeLauro
Dicks
Dingell
Doggett
Doyle
Edwards
Emanuel
Engel
Eshoo
Etheridge
Farr
Fattah
Filner
Ford
Frank (MA)
Gonzalez
Gordon
Green, Al
Green, Gene
Grijalva
Gutierrez
Harman
Hastings (FL)
Herseth
Higgins
Hinchey
Hinojosa
Holden
Holt
Honda
Hooley
Hoyer
Inslee
Israel
Jackson (IL)
Jackson-Lee (TX)
Jefferson
Johnson, E. B.
Jones (OH)
Kanjorski
Kaptur
Kennedy (RI)
Kildee
Kilpatrick (MI)
Kind
Kucinich
Langevin
Lantos
Larsen (WA)
Larson (CT)
Lee
Levin
Lipinski
Lofgren, Zoe
Lowey
Lynch
Maloney
Markey
Marshall
Matheson
Matsui
McCarthy
McCollum (MN)
McDermott
McGovern
McIntyre
McNulty
Meek (FL)
Meeks (NY)
Melancon
Michaud
Millender-McDonald
Miller (NC)
Miller, George
Mollohan
Moore (KS)
Moore (WI)
Moran (VA)
Murtha
Nadler
Napolitano
Neal (MA)
Oberstar
Obey
Olver
Ortiz
Owens
Pallone
Pascrell
Pastor
Paul
Pelosi
Peterson (MN)
Pomeroy
Price (NC)
Rahall
Rangel
Reyes
Ross
Rothman
Roybal-Allard
Ruppersberger
Rush
Ryan (OH)
Sabo
Sánchez, Linda T.
Sanchez, Loretta
Sanders
Schakowsky
Schiff
Schwartz (PA)
Scott (GA)
Scott (VA)
Serrano
Sherman
Skelton
Slaughter
Smith (WA)
Snyder
Solis
Spratt
Strickland
Stupak
Tanner
Tauscher
Taylor (MS)
Thompson (CA)
Thompson (MS)
Tierney
Towns
Udall (CO)
Udall (NM)
Van Hollen
Velázquez
Visclosky
Wasserman Schultz
Waters
Watson
Watt
Weiner
Wexler
Woolsey
Wu
Wynn

NOT VOTING—22

Baca
Bilirakis
Boehlert
Buyer
Coble
Davis, Jo Ann
Deal (GA)
Evans
Gohmert
Istook
Jones (NC)
Lewis (GA)
Linder
Lungren, Daniel E.
McKinney
Meehan
Northup
Oxley
Payne
Salazar
Stark
Waxman

□ 2116

Mr. POMEROY changed his vote from ''yea'' to ''nay.''

Mr. HEFLEY changed his vote from ''nay'' to ''yea.''

So the resolution was agreed to.

The result of the vote was announced as above recorded.

A motion to reconsider was laid on the table.

PROVIDING FOR AN ADJOURNMENT OR RECESS OF THE TWO HOUSES

The SPEAKER pro tempore. The pending business is the vote on adoption of House Concurrent Resolution 459, on which the yeas and nays were ordered.

The Clerk read the title of the concurrent resolution.

The SPEAKER pro tempore. The question is on the concurrent resolution.

This will be a 5-minute vote.

The vote was taken by electronic device, and there were—yeas 219, nays 189, not voting 25, as follows:

[Roll No. 420]

YEAS—219

Aderholt
Akin
Alexander
Bachus
Baker
Barrett (SC)
Bartlett (MD)
Barton (TX)
Bass
Beauprez
Biggert
Bilbray
Bishop (UT)
Blackburn
Blunt
Boehner
Bonilla
Bonner
Bono
Boozman
Boustany
Bradley (NH)
Brady (TX)
Brown (SC)
Brown-Waite, Ginny
Burgess
Burton (IN)
Camp (MI)
Campbell (CA)
Cannon
Cantor
Capito
Carter
Castle
Chabot
Chocola
Cole (OK)
Conaway
Crenshaw
Cubin
Culberson
Davis (KY)
Davis, Tom
Dent
Diaz-Balart, L.
Diaz-Balart, M.
Doolittle
Drake
Dreier
Duncan
Ehlers
Emerson
English (PA)
Everett
Ferguson
Fitzpatrick (PA)
Flake
Foley
Forbes
Fortenberry
Fossella
Foxx
Franks (AZ)
Frelinghuysen
Gallegly
Garrett (NJ)
Gerlach
Gibbons
Gilchrest
Gillmor
Gingrey
Goode
Goodlatte
Granger
Graves
Green (WI)
Gutknecht
Hall
Harris
Hart
Hastert
Hastings (WA)
Hayes
Hayworth
Hefley
Hensarling
Herger
Hobson
Hoekstra
Hostettler
Hulshof
Hunter
Hyde
Inglis (SC)
Issa
Jenkins
Jindal
Johnson (CT)
Johnson (IL)
Johnson, Sam
Keller
Kelly
Kennedy (MN)
King (IA)
King (NY)
Kingston
Kirk
Kline
Knollenberg
Kolbe
Kuhl (NY)
LaHood
Latham
LaTourette
Leach
Lewis (CA)
Lewis (KY)
LoBiondo
Lucas
Lungren, Daniel E.
Mack
Manzullo
Marchant
McCaul (TX)
McCotter
McCrery
McHenry
McHugh
McKeon
McMorris
Mica
Miller (FL)
Miller (MI)
Miller, Gary
Moran (KS)
Murphy
Musgrave
Myrick
Neugebauer
Ney
Norwood
Nunes
Nussle
Osborne
Otter
Paul
Pearce
Pence
Peterson (PA)
Petri
Pickering
Pitts
Platts
Poe
Pombo
Pomeroy
Porter
Price (GA)
Pryce (OH)
Putnam
Radanovich
Ramstad
Regula
Rehberg
Reichert
Renzi
Reynolds
Rogers (AL)
Rogers (KY)
Rogers (MI)
Rohrabacher
Ros-Lehtinen
Royce
Ryan (WI)
Ryun (KS)
Saxton
Schmidt
Schwarz (MI)
Sensenbrenner
Sessions
Shadegg
Shaw
Shays
Sherwood
Shimkus
Shuster
Simmons
Simpson
Smith (NJ)
Smith (TX)
Sodrel
Souder
Stearns
Sullivan
Sweeney
Tancredo
Taylor (NC)
Terry
Thomas
Thornberry
Tiahrt
Tiberi
Turner
Udall (CO)
Upton
Walden (OR)
Walsh
Wamp
Weldon (FL)
Weldon (PA)
Weller
Westmoreland
Whitfield
Wicker
Wilson (NM)
Wilson (SC)
Wolf
Young (AK)
Young (FL)

NAYS—189

Abercrombie
Ackerman
Allen
Andrews
Baird
Baldwin
Barrow
Bean
Becerra
Berkley
Berman
Berry
Bishop (GA)
Bishop (NY)
Blumenauer
Boren
Boswell
Boucher
Boyd
Brady (PA)
Brown (OH)
Brown, Corrine
Butterfield
Capps
Capuano
Cardin
Cardoza
Carnahan
Carson
Case
Chandler
Cleaver
Clyburn
Conyers
Cooper
Costa
Costello
Cramer
Crowley
Cuellar
Cummings
Davis (AL)
Davis (CA)
Davis (FL)
Davis (IL)
Davis (TN)
DeFazio
DeGette
Delahunt
DeLauro
Dicks
Dingell
Doggett
Doyle
Edwards
Emanuel
Engel
Eshoo
Etheridge
Farr
Fattah
Filner
Ford
Frank (MA)
Gonzalez
Gordon
Green, Al
Green, Gene
Grijalva
Gutierrez
Harman
Hastings (FL)
Herseth
Higgins
Hinchey
Hinojosa
Holden
Holt
Honda
Hooley
Hoyer
Inslee
Israel
Jackson (IL)
Jackson-Lee (TX)
Jefferson
Johnson, E. B.
Jones (OH)
Kanjorski
Kaptur
Kennedy (RI)
Kildee
Kind
Kucinich
Langevin
Lantos
Larsen (WA)
Larson (CT)
Lee
Levin
Lipinski
Lofgren, Zoe
Lowey
Lynch
Maloney
Markey
Marshall
Matheson
Matsui
McCarthy
McCollum (MN)
McDermott
McGovern
McIntyre
McNulty
Meek (FL)
Meeks (NY)
Melancon
Michaud
Millender-McDonald
Miller (NC)
Miller, George
Mollohan
Moore (KS)
Moore (WI)
Moran (VA)
Murtha
Nadler
Napolitano
Neal (MA)
Oberstar
Obey
Olver
Ortiz
Owens
Pallone
Pascrell
Pastor
Pelosi
Peterson (MN)
Price (NC)
Rahall
Rangel
Reyes
Ross
Rothman
Roybal-Allard
Ruppersberger
Rush
Ryan (OH)
Sabo

Sánchez, Linda T.
Sanchez, Loretta
Sanders
Schakowsky
Schiff
Schwartz (PA)
Scott (GA)
Scott (VA)
Serrano
Sherman
Skelton
Slaughter
Smith (WA)
Snyder
Solis
Spratt
Strickland
Stupak
Tanner
Tauscher
Taylor (MS)
Thompson (CA)
Thompson (MS)
Tierney
Towns
Udall (NM)
Van Hollen
Velázquez
Visclosky
Wasserman Schultz
Waters
Watson
Watt
Weiner
Wexler
Woolsey
Wu
Wynn

NOT VOTING—25

Baca
Bilirakis
Boehlert
Buyer
Calvert
Clay
Coble
Davis, Jo Ann
Deal (GA)
Evans
Feeney
Gohmert
Istook
Jones (NC)
Kilpatrick (MI)
Lewis (GA)
Linder
McKinney
Meehan
Northup
Oxley
Payne
Salazar
Stark
Waxman

□ 2128

So the concurrent resolution was agreed to.

The result of the vote was announced as above recorded.

A motion to reconsider was laid on the table.

PENSION PROTECTION ACT OF 2006

Mr. THOMAS. Mr. Speaker, pursuant to House Resolution 966, I call up the bill (H.R. 4) to provide economic security for all Americans, and for other purposes, and ask for its immediate consideration.

The Clerk read the title of the bill.

The text of the bill is as follows:

H.R. 4

Be it enacted by the Senate and House of Representatives of the United States of America in Congress assembled,

SECTION 1. SHORT TITLE AND TABLE OF CONTENTS.

(a) SHORT TITLE.—This Act may be cited as the ''Pension Protection Act of 2006''.

(b) TABLE OF CONTENTS.—The table of contents for this Act (other than so much of title XIV as follows section 1401) is as follows:

Sec. 1. Short title and table of contents.

TITLE I—REFORM OF FUNDING RULES FOR SINGLE-EMPLOYER DEFINED BENEFIT PENSION PLANS

Subtitle A—Amendments to Employee Retirement Income Security Act of 1974

Sec. 101. Minimum funding standards.
Sec. 102. Funding rules for single-employer defined benefit pension plans.
Sec. 103. Benefit limitations under single-employer plans.
Sec. 104. Special rules for multiple employer plans of certain cooperatives.
Sec. 105. Temporary relief for certain PBGC settlement plans.
Sec. 106. Special rules for plans of certain government contractors.
Sec. 107. Technical and conforming amendments.

Subtitle B—Amendments to Internal Revenue Code of 1986

Sec. 111. Minimum funding standards.
Sec. 112. Funding rules for single-employer defined benefit pension plans.
Sec. 113. Benefit limitations under single-employer plans.
Sec. 114. Technical and conforming amendments.
Sec. 115. Modification of transition rule to pension funding requirements.
Sec. 116. Restrictions on funding of nonqualified deferred compensation plans by employers maintaining underfunded or terminated single-employer plans.

TITLE II—FUNDING RULES FOR MULTIEMPLOYER DEFINED BENEFIT PLANS AND RELATED PROVISIONS

Subtitle A—Amendments to Employee Retirement Income Security Act of 1974

Sec. 201. Funding rules for multiemployer defined benefit plans.
Sec. 202. Additional funding rules for multiemployer plans in endangered or critical status.
Sec. 203. Measures to forestall insolvency of multiemployer plans.
Sec. 204. Withdrawal liability reforms.
Sec. 205. Prohibition on retaliation against employers exercising their rights to petition the Federal government.
Sec. 206. Special rule for certain benefits funded under an agreement approved by the Pension Benefit Guaranty Corporation.

Subtitle B—Amendments to Internal Revenue Code of 1986

Sec. 211. Funding rules for multiemployer defined benefit plans.
Sec. 212. Additional funding rules for multiemployer plans in endangered or critical status.
Sec. 213. Measures to forestall insolvency of multiemployer plans.
Sec. 214. Exemption from excise taxes for certain multiemployer pension plans.

Subtitle C—Sunset of Additional Funding Rules

Sec. 221. Sunset of additional funding rules.

TITLE III—INTEREST RATE ASSUMPTIONS

Sec. 301. Extension of replacement of 30-year Treasury rates.
Sec. 302. Interest rate assumption for determination of lump sum distributions.
Sec. 303. Interest rate assumption for applying benefit limitations to lump sum distributions.

TITLE IV—PBGC GUARANTEE AND RELATED PROVISIONS

Sec. 401. PBGC premiums.
Sec. 402. Special funding rules for certain plans maintained by commercial airlines.
Sec. 403. Limitation on PBGC guarantee of shutdown and other benefits.
Sec. 404. Rules relating to bankruptcy of employer.
Sec. 405. PBGC premiums for small plans.
Sec. 406. Authorization for PBGC to pay interest on premium overpayment refunds.
Sec. 407. Rules for substantial owner benefits in terminated plans.
Sec. 408. Acceleration of PBGC computation of benefits attributable to recoveries from employers.
Sec. 409. Treatment of certain plans where cessation or change in membership of a controlled group.
Sec. 410. Missing participants.
Sec. 411. Director of the Pension Benefit Guaranty Corporation.
Sec. 412. Inclusion of information in the PBGC annual report.

TITLE V—DISCLOSURE

Sec. 501. Defined benefit plan funding notice.
Sec. 502. Access to multiemployer pension plan information.
Sec. 503. Additional annual reporting requirements.
Sec. 504. Electronic display of annual report information.
Sec. 505. Section 4010 filings with the PBGC.
Sec. 506. Disclosure of termination information to plan participants.
Sec. 507. Notice of freedom to divest employer securities.
Sec. 508. Periodic pension benefit statements.
Sec. 509. Notice to participants or beneficiaries of blackout periods.

TITLE VI—INVESTMENT ADVICE, PROHIBITED TRANSACTIONS, AND FIDUCIARY RULES

Subtitle A—Investment Advice

Sec. 601. Prohibited transaction exemption for provision of investment advice.

Subtitle B—Prohibited Transactions

Sec. 611. Prohibited transaction rules relating to financial investments.
Sec. 612. Correction period for certain transactions involving securities and commodities.

Subtitle C—Fiduciary and Other Rules

Sec. 621. Inapplicability of relief from fiduciary liability during suspension of ability of participant or beneficiary to direct investments.
Sec. 622. Increase in maximum bond amount.
Sec. 623. Increase in penalties for coercive interference with exercise of ERISA rights.
Sec. 624. Treatment of investment of assets by plan where participant fails to exercise investment election.
Sec. 625. Clarification of fiduciary rules.

TITLE VII—BENEFIT ACCRUAL STANDARDS

Sec. 701. Benefit accrual standards.
Sec. 702. Regulations relating to mergers and acquisitions.

TITLE VIII—PENSION RELATED REVENUE PROVISIONS

Subtitle A—Deduction Limitations

Sec. 801. Increase in deduction limit for single-employer plans.
Sec. 802. Deduction limits for multiemployer plans.
Sec. 803. Updating deduction rules for combination of plans.

Subtitle B—Certain Pension Provisions Made Permanent

Sec. 811. Pensions and individual retirement arrangement provisions of Economic Growth and Tax Relief Reconciliation Act of 2001 made permanent.
Sec. 812. Saver's credit.

Subtitle C—Improvements in Portability, Distribution, and Contribution Rules

Sec. 821. Clarifications regarding purchase of permissive service credit.
Sec. 822. Allow rollover of after-tax amounts in annuity contracts.
Sec. 823. Clarification of minimum distribution rules for governmental plans.
Sec. 824. Allow direct rollovers from retirement plans to Roth IRAs.
Sec. 825. Eligibility for participation in retirement plans.
Sec. 826. Modifications of rules governing hardships and unforseen financial emergencies.
Sec. 827. Penalty-free withdrawals from retirement plans for individuals called to active duty for at least 179 days.
Sec. 828. Waiver of 10 percent early withdrawal penalty tax on certain distributions of pension plans for public safety employees.

Sec. 829. Allow rollovers by nonspouse beneficiaries of certain retirement plan distributions.
Sec. 830. Direct payment of tax refunds to individual retirement plans.
Sec. 831. Allowance of additional IRA payments in certain bankruptcy cases.
Sec. 832. Determination of average compensation for section 415 limits.
Sec. 833. Inflation indexing of gross income limitations on certain retirement savings incentives.

Subtitle D—Health and Medical Benefits

Sec. 841. Use of excess pension assets for future retiree health benefits and collectively bargained retiree health benefits.
Sec. 842. Transfer of excess pension assets to multiemployer health plan.
Sec. 843. Allowance of reserve for medical benefits of plans sponsored by bona fide associations.
Sec. 844. Treatment of annuity and life insurance contracts with a long-term care insurance feature.
Sec. 845. Distributions from governmental retirement plans for health and Long-Term care insurance for public safety officers.

Subtitle E—United States Tax Court Modernization

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Sec. 1301. Technical corrections relating to mine safety.
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TITLE I—REFORM OF FUNDING RULES FOR SINGLE-EMPLOYER DEFINED BENEFIT PENSION PLANS

Subtitle A—Amendments to Employee Retirement Income Security Act of 1974

SEC. 101. MINIMUM FUNDING STANDARDS.

(a) REPEAL OF EXISTING FUNDING RULES.—Sections 302 through 308 of the Employee Retirement Income Security Act of 1974 (29 U.S.C. 1082 through 1086) are repealed.

(b) NEW MINIMUM FUNDING STANDARDS.—Part 3 of subtitle B of title I of such Act (as

amended by subsection (a)) is amended by inserting after section 301 the following new section:

"SEC. 302. MINIMUM FUNDING STANDARDS.

''(a) REQUIREMENT TO MEET MINIMUM FUNDING STANDARD.—

''(1) IN GENERAL.—A plan to which this part applies shall satisfy the minimum funding standard applicable to the plan for any plan year.

''(2) MINIMUM FUNDING STANDARD.—For purposes of paragraph (1), a plan shall be treated as satisfying the minimum funding standard for a plan year if—

''(A) in the case of a defined benefit plan which is a single-employer plan, the employer makes contributions to or under the plan for the plan year which, in the aggregate, are not less than the minimum required contribution determined under section 303 for the plan for the plan year,

''(B) in the case of a money purchase plan which is a single-employer plan, the employer makes contributions to or under the plan for the plan year which are required under the terms of the plan, and

''(C) in the case of a multiemployer plan, the employers make contributions to or under the plan for any plan year which, in the aggregate, are sufficient to ensure that the plan does not have an accumulated funding deficiency under section 304 as of the end of the plan year.

''(b) LIABILITY FOR CONTRIBUTIONS.—

''(1) IN GENERAL.—Except as provided in paragraph (2), the amount of any contribution required by this section (including any required installments under paragraphs (3) and (4) of section 303(j)) shall be paid by the employer responsible for making contributions to or under the plan.

''(2) JOINT AND SEVERAL LIABILITY WHERE EMPLOYER MEMBER OF CONTROLLED GROUP.—If the employer referred to in paragraph (1) is a member of a controlled group, each member of such group shall be jointly and severally liable for payment of such contributions.

''(c) VARIANCE FROM MINIMUM FUNDING STANDARDS.—

''(1) WAIVER IN CASE OF BUSINESS HARDSHIP.—

''(A) IN GENERAL.—If—

''(i) an employer is (or in the case of a multiemployer plan, 10 percent or more of the number of employers contributing to or under the plan is) unable to satisfy the minimum funding standard for a plan year without temporary substantial business hardship (substantial business hardship in the case of a multiemployer plan), and

''(ii) application of the standard would be adverse to the interests of plan participants in the aggregate,

the Secretary of the Treasury may, subject to subparagraph (C), waive the requirements of subsection (a) for such year with respect to all or any portion of the minimum funding standard. The Secretary of the Treasury shall not waive the minimum funding standard with respect to a plan for more than 3 of any 15 (5 of any 15 in the case of a multiemployer plan) consecutive plan years.

''(B) EFFECTS OF WAIVER.—If a waiver is granted under subparagraph (A) for any plan year—

''(i) in the case of a single-employer plan, the minimum required contribution under section 303 for the plan year shall be reduced by the amount of the waived funding deficiency and such amount shall be amortized as required under section 303(e), and

''(ii) in the case of a multiemployer plan, the funding standard account shall be credited under section 304(b)(3)(C) with the amount of the waived funding deficiency and such amount shall be amortized as required under section 304(b)(2)(C).

''(C) WAIVER OF AMORTIZED PORTION NOT ALLOWED.—The Secretary of the Treasury may not waive under subparagraph (A) any portion of the minimum funding standard under subsection (a) for a plan year which is attributable to any waived funding deficiency for any preceding plan year.

''(2) DETERMINATION OF BUSINESS HARDSHIP.—For purposes of this subsection, the factors taken into account in determining temporary substantial business hardship (substantial business hardship in the case of a multiemployer plan) shall include (but shall not be limited to) whether or not—

''(A) the employer is operating at an economic loss,

''(B) there is substantial unemployment or underemployment in the trade or business and in the industry concerned,

''(C) the sales and profits of the industry concerned are depressed or declining, and

''(D) it is reasonable to expect that the plan will be continued only if the waiver is granted.

''(3) WAIVED FUNDING DEFICIENCY.—For purposes of this part, the term 'waived funding deficiency' means the portion of the minimum funding standard under subsection (a) (determined without regard to the waiver) for a plan year waived by the Secretary of the Treasury and not satisfied by employer contributions.

''(4) SECURITY FOR WAIVERS FOR SINGLE-EMPLOYER PLANS, CONSULTATIONS.—

''(A) SECURITY MAY BE REQUIRED.—

''(i) IN GENERAL.—Except as provided in subparagraph (C), the Secretary of the Treasury may require an employer maintaining a defined benefit plan which is a single-employer plan (within the meaning of section 4001(a)(15)) to provide security to such plan as a condition for granting or modifying a waiver under paragraph (1).

''(ii) SPECIAL RULES.—Any security provided under clause (i) may be perfected and enforced only by the Pension Benefit Guaranty Corporation, or at the direction of the Corporation, by a contributing sponsor (within the meaning of section 4001(a)(13)), or a member of such sponsor's controlled group (within the meaning of section 4001(a)(14)).

''(B) CONSULTATION WITH THE PENSION BENEFIT GUARANTY CORPORATION.—Except as provided in subparagraph (C), the Secretary of the Treasury shall, before granting or modifying a waiver under this subsection with respect to a plan described in subparagraph (A)(i)—

''(i) provide the Pension Benefit Guaranty Corporation with—

''(I) notice of the completed application for any waiver or modification, and

''(II) an opportunity to comment on such application within 30 days after receipt of such notice, and

''(ii) consider—

''(I) any comments of the Corporation under clause (i)(II), and

''(II) any views of any employee organization (within the meaning of section 3(4)) representing participants in the plan which are submitted in writing to the Secretary of the Treasury in connection with such application.

Information provided to the Corporation under this subparagraph shall be considered tax return information and subject to the safeguarding and reporting requirements of section 6103(p) of the Internal Revenue Code of 1986.

''(C) EXCEPTION FOR CERTAIN WAIVERS.—

''(i) IN GENERAL.—The preceding provisions of this paragraph shall not apply to any plan with respect to which the sum of—

''(I) the aggregate unpaid minimum required contributions for the plan year and all preceding plan years, and

''(II) the present value of all waiver amortization installments determined for the plan year and succeeding plan years under section 303(e)(2),

is less than $1,000,000.

''(ii) TREATMENT OF WAIVERS FOR WHICH APPLICATIONS ARE PENDING.—The amount described in clause (i)(I) shall include any increase in such amount which would result if all applications for waivers of the minimum funding standard under this subsection which are pending with respect to such plan were denied.

''(iii) UNPAID MINIMUM REQUIRED CONTRIBUTION.—For purposes of this subparagraph—

''(I) IN GENERAL.—The term 'unpaid minimum required contribution' means, with respect to any plan year, any minimum required contribution under section 303 for the plan year which is not paid on or before the due date (as determined under section 303(j)(1)) for the plan year.

''(II) ORDERING RULE.—For purposes of subclause (I), any payment to or under a plan for any plan year shall be allocated first to unpaid minimum required contributions for all preceding plan years on a first-in, first-out basis and then to the minimum required contribution under section 303 for the plan year.

''(5) SPECIAL RULES FOR SINGLE-EMPLOYER PLANS.—

''(A) APPLICATION MUST BE SUBMITTED BEFORE DATE 2½ MONTHS AFTER CLOSE OF YEAR.—In the case of a single-employer plan, no waiver may be granted under this subsection with respect to any plan for any plan year unless an application therefor is submitted to the Secretary of the Treasury not later than the 15th day of the 3rd month beginning after the close of such plan year.

''(B) SPECIAL RULE IF EMPLOYER IS MEMBER OF CONTROLLED GROUP.—In the case of a single-employer plan, if an employer is a member of a controlled group, the temporary substantial business hardship requirements of paragraph (1) shall be treated as met only if such requirements are met—

''(i) with respect to such employer, and

''(ii) with respect to the controlled group of which such employer is a member (determined by treating all members of such group as a single employer).

The Secretary of the Treasury may provide that an analysis of a trade or business or industry of a member need not be conducted if such Secretary determines such analysis is not necessary because the taking into account of such member would not significantly affect the determination under this paragraph.

''(6) ADVANCE NOTICE.—

''(A) IN GENERAL.—The Secretary of the Treasury shall, before granting a waiver under this subsection, require each applicant to provide evidence satisfactory to such Secretary that the applicant has provided notice of the filing of the application for such waiver to each affected party (as defined in section 4001(a)(21)). Such notice shall include a description of the extent to which the plan is funded for benefits which are guaranteed under title IV and for benefit liabilities.

''(B) CONSIDERATION OF RELEVANT INFORMATION.—The Secretary of the Treasury shall consider any relevant information provided by a person to whom notice was given under subparagraph (A).

''(7) RESTRICTION ON PLAN AMENDMENTS.—

''(A) IN GENERAL.—No amendment of a plan which increases the liabilities of the plan by reason of any increase in benefits, any change in the accrual of benefits, or any change in the rate at which benefits become

nonforfeitable under the plan shall be adopted if a waiver under this subsection or an extension of time under section 304(d) is in effect with respect to the plan, or if a plan amendment described in subsection (d)(2) has been made at any time in the preceding 12 months (24 months in the case of a multiemployer plan). If a plan is amended in violation of the preceding sentence, any such waiver, or extension of time, shall not apply to any plan year ending on or after the date on which such amendment is adopted.

''(B) EXCEPTION.—Subparagraph (A) shall not apply to any plan amendment which—

''(i) the Secretary of the Treasury determines to be reasonable and which provides for only de minimis increases in the liabilities of the plan,

''(ii) only repeals an amendment described in subsection (d)(2), or

''(iii) is required as a condition of qualification under part I of subchapter D of chapter 1 of the Internal Revenue Code of 1986.

''(8) CROSS REFERENCE.—For corresponding duties of the Secretary of the Treasury with regard to implementation of the Internal Revenue Code of 1986, see section 412(c) of such Code.

''(d) MISCELLANEOUS RULES.—

''(1) CHANGE IN METHOD OR YEAR.—If the funding method, the valuation date, or a plan year for a plan is changed, the change shall take effect only if approved by the Secretary of the Treasury.

''(2) CERTAIN RETROACTIVE PLAN AMENDMENTS.—For purposes of this section, any amendment applying to a plan year which—

''(A) is adopted after the close of such plan year but no later than 2½ months after the close of the plan year (or, in the case of a multiemployer plan, no later than 2 years after the close of such plan year),

''(B) does not reduce the accrued benefit of any participant determined as of the beginning of the first plan year to which the amendment applies, and

''(C) does not reduce the accrued benefit of any participant determined as of the time of adoption except to the extent required by the circumstances,

shall, at the election of the plan administrator, be deemed to have been made on the first day of such plan year. No amendment described in this paragraph which reduces the accrued benefits of any participant shall take effect unless the plan administrator files a notice with the Secretary of the Treasury notifying him of such amendment and such Secretary has approved such amendment, or within 90 days after the date on which such notice was filed, failed to disapprove such amendment. No amendment described in this subsection shall be approved by the Secretary of the Treasury unless such Secretary determines that such amendment is necessary because of a temporary substantial business hardship (as determined under subsection (c)(2)) or a substantial business hardship (as so determined) in the case of a multiemployer plan and that a waiver under subsection (c) (or, in the case of a multiemployer plan, any extension of the amortization period under section 304(d)) is unavailable or inadequate.

''(3) CONTROLLED GROUP.—For purposes of this section, the term 'controlled group' means any group treated as a single employer under subsection (b), (c), (m), or (o) of section 414 of the Internal Revenue Code of 1986.''.

(c) CLERICAL AMENDMENT.—The table of contents in section 1 of such Act is amended by striking the items relating to sections 302 through 308 and inserting the following new item:

''Sec. 302. Minimum funding standards.''.

(d) EFFECTIVE DATE.—The amendments made by this section shall apply to plan years beginning after 2007.

SEC. 102. FUNDING RULES FOR SINGLE-EMPLOYER DEFINED BENEFIT PENSION PLANS.

(a) IN GENERAL.—Part 3 of subtitle B of title I of the Employee Retirement Income Security Act of 1974 (as amended by section 101 of this Act) is amended by inserting after section 302 the following new section:

''SEC. 303. MINIMUM FUNDING STANDARDS FOR SINGLE-EMPLOYER DEFINED BENEFIT PENSION PLANS.

''(a) MINIMUM REQUIRED CONTRIBUTION.—For purposes of this section and section 302(a)(2)(A), except as provided in subsection (f), the term 'minimum required contribution' means, with respect to any plan year of a single-employer plan—

''(1) in any case in which the value of plan assets of the plan (as reduced under subsection (f)(4)(B)) is less than the funding target of the plan for the plan year, the sum of—

''(A) the target normal cost of the plan for the plan year,

''(B) the shortfall amortization charge (if any) for the plan for the plan year determined under subsection (c), and

''(C) the waiver amortization charge (if any) for the plan for the plan year as determined under subsection (e); or

''(2) in any case in which the value of plan assets of the plan (as reduced under subsection (f)(4)(B)) equals or exceeds the funding target of the plan for the plan year, the target normal cost of the plan for the plan year reduced (but not below zero) by such excess.

''(b) TARGET NORMAL COST.—For purposes of this section, except as provided in subsection (i)(2) with respect to plans in at-risk status, the term 'target normal cost' means, for any plan year, the present value of all benefits which are expected to accrue or to be earned under the plan during the plan year. For purposes of this subsection, if any benefit attributable to services performed in a preceding plan year is increased by reason of any increase in compensation during the current plan year, the increase in such benefit shall be treated as having accrued during the current plan year.

''(c) SHORTFALL AMORTIZATION CHARGE.—

''(1) IN GENERAL.—For purposes of this section, the shortfall amortization charge for a plan for any plan year is the aggregate total (not less than zero) of the shortfall amortization installments for such plan year with respect to the shortfall amortization bases for such plan year and each of the 6 preceding plan years.

''(2) SHORTFALL AMORTIZATION INSTALLMENT.—For purposes of paragraph (1)—

''(A) DETERMINATION.—The shortfall amortization installments are the amounts necessary to amortize the shortfall amortization base of the plan for any plan year in level annual installments over the 7-plan-year period beginning with such plan year.

''(B) SHORTFALL INSTALLMENT.—The shortfall amortization installment for any plan year in the 7-plan-year period under subparagraph (A) with respect to any shortfall amortization base is the annual installment determined under subparagraph (A) for that year for that base.

''(C) SEGMENT RATES.—In determining any shortfall amortization installment under this paragraph, the plan sponsor shall use the segment rates determined under subparagraph (C) of subsection (h)(2), applied under rules similar to the rules of subparagraph (B) of subsection (h)(2).

''(3) SHORTFALL AMORTIZATION BASE.—For purposes of this section, the shortfall amortization base of a plan for a plan year is—

''(A) the funding shortfall of such plan for such plan year, minus

''(B) the present value (determined using the segment rates determined under subparagraph (C) of subsection (h)(2), applied under rules similar to the rules of subparagraph (B) of subsection (h)(2)) of the aggregate total of the shortfall amortization installments and waiver amortization installments which have been determined for such plan year and any succeeding plan year with respect to the shortfall amortization bases and waiver amortization bases of the plan for any plan year preceding such plan year.

''(4) FUNDING SHORTFALL.—For purposes of this section, the funding shortfall of a plan for any plan year is the excess (if any) of—

''(A) the funding target of the plan for the plan year, over

''(B) the value of plan assets of the plan (as reduced under subsection (f)(4)(B)) for the plan year which are held by the plan on the valuation date.

''(5) EXEMPTION FROM NEW SHORTFALL AMORTIZATION BASE.—

''(A) IN GENERAL.—In any case in which the value of plan assets of the plan (as reduced under subsection (f)(4)(A)) is equal to or greater than the funding target of the plan for the plan year, the shortfall amortization base of the plan for such plan year shall be zero.

''(B) TRANSITION RULE.—

''(i) IN GENERAL.—Except as provided in clauses (iii) and (iv), in the case of plan years beginning after 2007 and before 2011, only the applicable percentage of the funding target shall be taken into account under paragraph (3)(A) in determining the funding shortfall for the plan year for purposes of subparagraph (A).

''(ii) APPLICABLE PERCENTAGE.—For purposes of subparagraph (A), the applicable percentage shall be determined in accordance with the following table:

''**In the case of a plan year beginning in calendar year:**	**The applicable percentage is**
2008	92
2009	94
2010	96.

''(iii) LIMITATION.—Clause (i) shall not apply with respect to any plan year after 2008 unless the shortfall amortization base for each of the preceding years beginning after 2007 was zero (determined after application of this subparagraph).

''(iv) TRANSITION RELIEF NOT AVAILABLE FOR NEW OR DEFICIT REDUCTION PLANS.—Clause (i) shall not apply to a plan—

''(I) which was not in effect for a plan year beginning in 2007, or

''(II) which was in effect for a plan year beginning in 2007 and which was subject to section 302(d) (as in effect for plan years beginning in 2007), determined after the application of paragraphs (6) and (9) thereof.

''(6) EARLY DEEMED AMORTIZATION UPON ATTAINMENT OF FUNDING TARGET.—In any case in which the funding shortfall of a plan for a plan year is zero, for purposes of determining the shortfall amortization charge for such plan year and succeeding plan years, the shortfall amortization bases for all preceding plan years (and all shortfall amortization installments determined with respect to such bases) shall be reduced to zero.

''(d) RULES RELATING TO FUNDING TARGET.—For purposes of this section—

''(1) FUNDING TARGET.—Except as provided in subsection (i)(1) with respect to plans in at-risk status, the funding target of a plan for a plan year is the present value of all benefits accrued or earned under the plan as of the beginning of the plan year.

''(2) FUNDING TARGET ATTAINMENT PERCENTAGE.—The 'funding target attainment percentage' of a plan for a plan year is the ratio (expressed as a percentage) which—

''(A) the value of plan assets for the plan year (as reduced under subsection (f)(4)(B)), bears to

''(B) the funding target of the plan for the plan year (determined without regard to subsection (i)(1)).

''(e) WAIVER AMORTIZATION CHARGE.—

''(1) DETERMINATION OF WAIVER AMORTIZATION CHARGE.—The waiver amortization charge (if any) for a plan for any plan year is the aggregate total of the waiver amortization installments for such plan year with respect to the waiver amortization bases for each of the 5 preceding plan years.

''(2) WAIVER AMORTIZATION INSTALLMENT.—For purposes of paragraph (1)—

''(A) DETERMINATION.—The waiver amortization installments are the amounts necessary to amortize the waiver amortization base of the plan for any plan year in level annual installments over a period of 5 plan years beginning with the succeeding plan year.

''(B) WAIVER INSTALLMENT.—The waiver amortization installment for any plan year in the 5-year period under subparagraph (A) with respect to any waiver amortization base is the annual installment determined under subparagraph (A) for that year for that base.

''(3) INTEREST RATE.—In determining any waiver amortization installment under this subsection, the plan sponsor shall use the segment rates determined under subparagraph (C) of subsection (h)(2), applied under rules similar to the rules of subparagraph (B) of subsection (h)(2).

''(4) WAIVER AMORTIZATION BASE.—The waiver amortization base of a plan for a plan year is the amount of the waived funding deficiency (if any) for such plan year under section 302(c).

''(5) EARLY DEEMED AMORTIZATION UPON ATTAINMENT OF FUNDING TARGET.—In any case in which the funding shortfall of a plan for a plan year is zero, for purposes of determining the waiver amortization charge for such plan year and succeeding plan years, the waiver amortization bases for all preceding plan years (and all waiver amortization installments determined with respect to such bases) shall be reduced to zero.

''(f) REDUCTION OF MINIMUM REQUIRED CONTRIBUTION BY PREFUNDING BALANCE AND FUNDING STANDARD CARRYOVER BALANCE.—

''(1) ELECTION TO MAINTAIN BALANCES.—

''(A) PREFUNDING BALANCE.—The plan sponsor of a single-employer plan may elect to maintain a prefunding balance.

''(B) FUNDING STANDARD CARRYOVER BALANCE.—

''(i) IN GENERAL.—In the case of a single-employer plan described in clause (ii), the plan sponsor may elect to maintain a funding standard carryover balance, until such balance is reduced to zero.

''(ii) PLANS MAINTAINING FUNDING STANDARD ACCOUNT IN 2007.—A plan is described in this clause if the plan—

''(I) was in effect for a plan year beginning in 2007, and

''(II) had a positive balance in the funding standard account under section 302(b) as in effect for such plan year and determined as of the end of such plan year.

''(2) APPLICATION OF BALANCES.—A prefunding balance and a funding standard carryover balance maintained pursuant to this paragraph—

''(A) shall be available for crediting against the minimum required contribution, pursuant to an election under paragraph (3),

''(B) shall be applied as a reduction in the amount treated as the value of plan assets for purposes of this section, to the extent provided in paragraph (4), and

''(C) may be reduced at any time, pursuant to an election under paragraph (5).

''(3) ELECTION TO APPLY BALANCES AGAINST MINIMUM REQUIRED CONTRIBUTION.—

''(A) IN GENERAL.—Except as provided in subparagraphs (B) and (C), in the case of any plan year in which the plan sponsor elects to credit against the minimum required contribution for the current plan year all or a portion of the prefunding balance or the funding standard carryover balance for the current plan year (not in excess of such minimum required contribution), the minimum required contribution for the plan year shall be reduced as of the first day of the plan year by the amount so credited by the plan sponsor. For purposes of the preceding sentence, the minimum required contribution shall be determined after taking into account any waiver under section 302(c).

''(B) COORDINATION WITH FUNDING STANDARD CARRYOVER BALANCE.—To the extent that any plan has a funding standard carryover balance greater than zero, no amount of the prefunding balance of such plan may be credited under this paragraph in reducing the minimum required contribution.

''(C) LIMITATION FOR UNDERFUNDED PLANS.—The preceding provisions of this paragraph shall not apply for any plan year if the ratio (expressed as a percentage) which—

''(i) the value of plan assets for the preceding plan year (as reduced under paragraph (4)(C)), bears to

''(ii) the funding target of the plan for the preceding plan year (determined without regard to subsection (i)(1)),

is less than 80 percent. In the case of plan years beginning in 2008, the ratio under this subparagraph may be determined using such methods of estimation as the Secretary of the Treasury may prescribe.

''(4) EFFECT OF BALANCES ON AMOUNTS TREATED AS VALUE OF PLAN ASSETS.—In the case of any plan maintaining a prefunding balance or a funding standard carryover balance pursuant to this subsection, the amount treated as the value of plan assets shall be deemed to be such amount, reduced as provided in the following subparagraphs:

''(A) APPLICABILITY OF SHORTFALL AMORTIZATION BASE.—For purposes of subsection (c)(5), the value of plan assets is deemed to be such amount, reduced by the amount of the prefunding balance, but only if an election under paragraph (2) applying any portion of the prefunding balance in reducing the minimum required contribution is in effect for the plan year.

''(B) DETERMINATION OF EXCESS ASSETS, FUNDING SHORTFALL, AND FUNDING TARGET ATTAINMENT PERCENTAGE.—

''(i) IN GENERAL.—For purposes of subsections (a), (c)(4)(B), and (d)(2)(A), the value of plan assets is deemed to be such amount, reduced by the amount of the prefunding balance and the funding standard carryover balance.

''(ii) SPECIAL RULE FOR CERTAIN BINDING AGREEMENTS WITH PBGC.—For purposes of subsection (c)(4)(B), the value of plan assets shall not be deemed to be reduced for a plan year by the amount of the specified balance if, with respect to such balance, there is in effect for a plan year a binding written agreement with the Pension Benefit Guaranty Corporation which provides that such balance is not available to reduce the minimum required contribution for the plan year. For purposes of the preceding sentence, the term 'specified balance' means the prefunding balance or the funding standard carryover balance, as the case may be.

''(C) AVAILABILITY OF BALANCES IN PLAN YEAR FOR CREDITING AGAINST MINIMUM REQUIRED CONTRIBUTION.—For purposes of paragraph (3)(C)(i) of this subsection, the value of plan assets is deemed to be such amount, reduced by the amount of the prefunding balance.

''(5) ELECTION TO REDUCE BALANCE PRIOR TO DETERMINATIONS OF VALUE OF PLAN ASSETS AND CREDITING AGAINST MINIMUM REQUIRED CONTRIBUTION.—

''(A) IN GENERAL.—The plan sponsor may elect to reduce by any amount the balance of the prefunding balance and the funding standard carryover balance for any plan year (but not below zero). Such reduction shall be effective prior to any determination of the value of plan assets for such plan year under this section and application of the balance in reducing the minimum required contribution for such plan for such plan year pursuant to an election under paragraph (2).

''(B) COORDINATION BETWEEN PREFUNDING BALANCE AND FUNDING STANDARD CARRYOVER BALANCE.—To the extent that any plan has a funding standard carryover balance greater than zero, no election may be made under subparagraph (A) with respect to the prefunding balance.

''(6) PREFUNDING BALANCE.—

''(A) IN GENERAL.—A prefunding balance maintained by a plan shall consist of a beginning balance of zero, increased and decreased to the extent provided in subparagraphs (B) and (C), and adjusted further as provided in paragraph (8).

''(B) INCREASES.—

''(i) IN GENERAL.—As of the first day of each plan year beginning after 2008, the prefunding balance of a plan shall be increased by the amount elected by the plan sponsor for the plan year. Such amount shall not exceed the excess (if any) of—

''(I) the aggregate total of employer contributions to the plan for the preceding plan year, over—

''(II) the minimum required contribution for such preceding plan year.

''(ii) ADJUSTMENTS FOR INTEREST.—Any excess contributions under clause (i) shall be properly adjusted for interest accruing for the periods between the first day of the current plan year and the dates on which the excess contributions were made, determined by using the effective interest rate for the preceding plan year and by treating contributions as being first used to satisfy the minimum required contribution.

''(iii) CERTAIN CONTRIBUTIONS NECESSARY TO AVOID BENEFIT LIMITATIONS DISREGARDED.—The excess described in clause (i) with respect to any preceding plan year shall be reduced (but not below zero) by the amount of contributions an employer would be required to make under paragraph (1), (2), or (4) of section 206(g) to avoid a benefit limitation which would otherwise be imposed under such paragraph for the preceding plan year. Any contribution which may be taken into account in satisfying the requirements of more than 1 of such paragraphs shall be taken into account only once for purposes of this clause.

''(C) DECREASE.—The prefunding balance of a plan shall be decreased (but not below zero) by—

''(i) as of the first day of each plan year after 2008, the amount of such balance credited under paragraph (2) (if any) in reducing the minimum required contribution of the plan for the preceding plan year, and

''(ii) as of the time specified in paragraph (5))(A), any reduction in such balance elected under paragraph (5).

''(7) FUNDING STANDARD CARRYOVER BALANCE.—

''(A) IN GENERAL.—A funding standard carryover balance maintained by a plan shall consist of a beginning balance determined

under subparagraph (B), decreased to the extent provided in subparagraph (C), and adjusted further as provided in paragraph (8).

''(B) BEGINNING BALANCE.—The beginning balance of the funding standard carryover balance shall be the positive balance described in paragraph (1)(B)(ii)(II).

''(C) DECREASES.—The funding standard carryover balance of a plan shall be decreased (but not below zero) by—

''(i) as of the first day of each plan year after 2008, the amount of such balance credited under paragraph (2) (if any) in reducing the minimum required contribution of the plan for the preceding plan year, and

''(ii) as of the time specified in paragraph (5))(A), any reduction in such balance elected under paragraph (5).

''(8) ADJUSTMENTS FOR INVESTMENT EXPERIENCE.—In determining the prefunding balance or the funding standard carryover balance of a plan as of the first day of the plan year, the plan sponsor shall, in accordance with regulations prescribed by the Secretary of the Treasury, adjust such balance to reflect the rate of return on plan assets for the preceding plan year. Notwithstanding subsection (g)(3), such rate of return shall be determined on the basis of fair market value and shall properly take into account, in accordance with such regulations, all contributions, distributions, and other plan payments made during such period.

''(9) ELECTIONS.—Elections under this subsection shall be made at such times, and in such form and manner, as shall be prescribed in regulations of the Secretary of the Treasury.

''(g) VALUATION OF PLAN ASSETS AND LIABILITIES.—

''(1) TIMING OF DETERMINATIONS.—Except as otherwise provided under this subsection, all determinations under this section for a plan year shall be made as of the valuation date of the plan for such plan year.

''(2) VALUATION DATE.—For purposes of this section—

''(A) IN GENERAL.—Except as provided in subparagraph (B), the valuation date of a plan for any plan year shall be the first day of the plan year.

''(B) EXCEPTION FOR SMALL PLANS.—If, on each day during the preceding plan year, a plan had 100 or fewer participants, the plan may designate any day during the plan year as its valuation date for such plan year and succeeding plan years. For purposes of this subparagraph, all defined benefit plans which are single-employer plans and are maintained by the same employer (or any member of such employer's controlled group) shall be treated as 1 plan, but only participants with respect to such employer or member shall be taken into account.

''(C) APPLICATION OF CERTAIN RULES IN DETERMINATION OF PLAN SIZE.—For purposes of this paragraph—

''(i) PLANS NOT IN EXISTENCE IN PRECEDING YEAR.—In the case of the first plan year of any plan, subparagraph (B) shall apply to such plan by taking into account the number of participants that the plan is reasonably expected to have on days during such first plan year.

''(ii) PREDECESSORS.—Any reference in subparagraph (B) to an employer shall include a reference to any predecessor of such employer.

''(3) DETERMINATION OF VALUE OF PLAN ASSETS.—For purposes of this section—

''(A) IN GENERAL.—Except as provided in subparagraph (B), the value of plan assets shall be the fair market value of the assets.

''(B) AVERAGING ALLOWED.—A plan may determine the value of plan assets on the basis of the averaging of fair market values, but only if such method—

''(i) is permitted under regulations prescribed by the Secretary of the Treasury,

''(ii) does not provide for averaging of such values over more than the period beginning on the last day of the 25th month preceding the month in which the valuation date occurs and ending on the valuation date (or a similar period in the case of a valuation date which is not the 1st day of a month), and

''(iii) does not result in a determination of the value of plan assets which, at any time, is lower than 90 percent or greater than 110 percent of the fair market value of such assets at such time.

Any such averaging shall be adjusted for contributions and distributions (as provided by the Secretary of the Treasury).

''(4) ACCOUNTING FOR CONTRIBUTION RECEIPTS.—For purposes of determining the value of assets under paragraph (3)—

''(A) PRIOR YEAR CONTRIBUTIONS.—If—

''(i) an employer makes any contribution to the plan after the valuation date for the plan year in which the contribution is made, and

''(ii) the contribution is for a preceding plan year,

the contribution shall be taken into account as an asset of the plan as of the valuation date, except that in the case of any plan year beginning after 2008, only the present value (determined as of the valuation date) of such contribution may be taken into account. For purposes of the preceding sentence, present value shall be determined using the effective interest rate for the preceding plan year to which the contribution is properly allocable.

''(B) SPECIAL RULE FOR CURRENT YEAR CONTRIBUTIONS MADE BEFORE VALUATION DATE.—If any contributions for any plan year are made to or under the plan during the plan year but before the valuation date for the plan year, the assets of the plan as of the valuation date shall not include—

''(i) such contributions, and

''(ii) interest on such contributions for the period between the date of the contributions and the valuation date, determined by using the effective interest rate for the plan year.

''(h) ACTUARIAL ASSUMPTIONS AND METHODS.—

''(1) IN GENERAL.—Subject to this subsection, the determination of any present value or other computation under this section shall be made on the basis of actuarial assumptions and methods—

''(A) each of which is reasonable (taking into account the experience of the plan and reasonable expectations), and

''(B) which, in combination, offer the actuary's best estimate of anticipated experience under the plan.

''(2) INTEREST RATES.—

''(A) EFFECTIVE INTEREST RATE.—For purposes of this section, the term 'effective interest rate' means, with respect to any plan for any plan year, the single rate of interest which, if used to determine the present value of the plan's accrued or earned benefits referred to in subsection (d)(1), would result in an amount equal to the funding target of the plan for such plan year.

''(B) INTEREST RATES FOR DETERMINING FUNDING TARGET.—For purposes of determining the funding target and normal cost of a plan for any plan year, the interest rate used in determining the present value of the benefits of the plan shall be—

''(i) in the case of benefits reasonably determined to be payable during the 5-year period beginning on the first day of the plan year, the first segment rate with respect to the applicable month,

''(ii) in the case of benefits reasonably determined to be payable during the 15-year period beginning at the end of the period described in clause (i), the second segment rate with respect to the applicable month, and

''(iii) in the case of benefits reasonably determined to be payable after the period described in clause (ii), the third segment rate with respect to the applicable month.

''(C) SEGMENT RATES.—For purposes of this paragraph—

''(i) FIRST SEGMENT RATE.—The term 'first segment rate' means, with respect to any month, the single rate of interest which shall be determined by the Secretary of the Treasury for such month on the basis of the corporate bond yield curve for such month, taking into account only that portion of such yield curve which is based on bonds maturing during the 5-year period commencing with such month.

''(ii) SECOND SEGMENT RATE.—The term 'second segment rate' means, with respect to any month, the single rate of interest which shall be determined by the Secretary of the Treasury for such month on the basis of the corporate bond yield curve for such month, taking into account only that portion of such yield curve which is based on bonds maturing during the 15-year period beginning at the end of the period described in clause (i).

''(iii) THIRD SEGMENT RATE.—The term 'third segment rate' means, with respect to any month, the single rate of interest which shall be determined by the Secretary of the Treasury for such month on the basis of the corporate bond yield curve for such month, taking into account only that portion of such yield curve which is based on bonds maturing during periods beginning after the period described in clause (ii).

''(D) CORPORATE BOND YIELD CURVE.—For purposes of this paragraph—

''(i) IN GENERAL.—The term 'corporate bond yield curve' means, with respect to any month, a yield curve which is prescribed by the Secretary of the Treasury for such month and which reflects the average, for the 24-month period ending with the month preceding such month, of monthly yields on investment grade corporate bonds with varying maturities and that are in the top 3 quality levels available.

''(ii) ELECTION TO USE YIELD CURVE.—Solely for purposes of determining the minimum required contribution under this section, the plan sponsor may, in lieu of the segment rates determined under subparagraph (C), elect to use interest rates under the corporate bond yield curve. For purposes of the preceding sentence such curve shall be determined without regard to the 24-month averaging described in clause (i) . Such election, once made, may be revoked only with the consent of the Secretary of the Treasury.

''(E) APPLICABLE MONTH.—For purposes of this paragraph, the term 'applicable month' means, with respect to any plan for any plan year, the month which includes the valuation date of such plan for such plan year or, at the election of the plan sponsor, any of the 4 months which precede such month. Any election made under this subparagraph shall apply to the plan year for which the election is made and all succeeding plan years, unless the election is revoked with the consent of the Secretary of the Treasury.

''(F) PUBLICATION REQUIREMENTS.—The Secretary of the Treasury shall publish for each month the corporate bond yield curve (and the corporate bond yield curve reflecting the modification described in section 205(g)(3)(B)(iii)(I)) for such month and each of the rates determined under subparagraph (B) for such month. The Secretary of the Treasury shall also publish a description of the methodology used to determine such yield curve and such rates which is sufficiently detailed to enable plans to make reasonable projections regarding the yield curve

and such rates for future months based on the plan's projection of future interest rates.

''(G) TRANSITION RULE.—

''(i) IN GENERAL.—Notwithstanding the preceding provisions of this paragraph, for plan years beginning in 2008 or 2009, the first, second, or third segment rate for a plan with respect to any month shall be equal to the sum of—

''(I) the product of such rate for such month determined without regard to this subparagraph, multiplied by the applicable percentage, and

''(II) the product of the rate determined under the rules of section 302(b)(5)(B)(ii)(II) (as in effect for plan years beginning in 2007), multiplied by a percentage equal to 100 percent minus the applicable percentage.

''(ii) APPLICABLE PERCENTAGE.—For purposes of clause (i), the applicable percentage is 33⅓ percent for plan years beginning in 2008 and 66⅔ percent for plan years beginning in 2009.

''(iii) NEW PLANS INELIGIBLE.—Clause (i) shall not apply to any plan if the first plan year of the plan begins after December 31, 2007.

''(iv) ELECTION.—The plan sponsor may elect not to have this subparagraph apply. Such election, once made, may be revoked only with the consent of the Secretary of the Treasury.

''(3) MORTALITY TABLES.—

''(A) IN GENERAL.—Except as provided in subparagraph (C) or (D), the Secretary of the Treasury shall by regulation prescribe mortality tables to be used in determining any present value or making any computation under this section. Such tables shall be based on the actual experience of pension plans and projected trends in such experience. In prescribing such tables, the Secretary of the Treasury shall take into account results of available independent studies of mortality of individuals covered by pension plans.

''(B) PERIODIC REVISION.—The Secretary of the Treasury shall (at least every 10 years) make revisions in any table in effect under subparagraph (A) to reflect the actual experience of pension plans and projected trends in such experience.

''(C) SUBSTITUTE MORTALITY TABLE.—

''(i) IN GENERAL.—Upon request by the plan sponsor and approval by the Secretary of the Treasury, a mortality table which meets the requirements of clause (iii) shall be used in determining any present value or making any computation under this section during the period of consecutive plan years (not to exceed 10) specified in the request.

''(ii) EARLY TERMINATION OF PERIOD.—Notwithstanding clause (i), a mortality table described in clause (i) shall cease to be in effect as of the earliest of—

''(I) the date on which there is a significant charge in the participations in the plan by reason of a plan spinoff or merger or otherwise, or

''(II) the date on which the plan actuary determines that such table does not meet the requirements of clause (iii).

''(iii) REQUIREMENTS.—A mortality table meets the requirements of this clause if—

''(I) there is a sufficient number of plan participants, and the pension plans have been maintained for a sufficient period of time, to have credible information necessary for purposes of subclause (II), and

''(II) such table reflects the actual experience of the pension plans maintained by the sponsor and projected trends in general mortality experience.

''(iv) ALL PLANS IN CONTROLLED GROUP MUST USE SEPARATE TABLE.—Except as provided by the Secretary of the Treasury, a plan sponsor may not use a mortality table under this subparagraph for any plan maintained by the plan sponsor unless—

''(I) a separate mortality table is established and used under this subparagraph for each other plan maintained by the plan sponsor and if the plan sponsor is a member of a controlled group, each member of the controlled group, and

''(II) the requirements of clause (iii) are met separately with respect to the table so established for each such plan, determined by only taking into account the participants of such plan, the time such plan has been in existence, and the actual experience of such plan.

''(v) DEADLINE FOR SUBMISSION AND DISPOSITION OF APPLICATION.—

''(I) SUBMISSION.—The plan sponsor shall submit a mortality table to the Secretary of the Treasury for approval under this subparagraph at least 7 months before the 1st day of the period described in clause (i).

''(II) DISPOSITION.—Any mortality table submitted to the Secretary of the Treasury for approval under this subparagraph shall be treated as in effect as of the 1st day of the period described in clause (i) unless the Secretary of the Treasury, during the 180-day period beginning on the date of such submission, disapproves of such table and provides the reasons that such table fails to meet the requirements of clause (iii). The 180-day period shall be extended upon mutual agreement of the Secretary of the Treasury and the plan sponsor.

''(D) SEPARATE MORTALITY TABLES FOR THE DISABLED.—Notwithstanding subparagraph (A)—

''(i) IN GENERAL.—The Secretary of the Treasury shall establish mortality tables which may be used (in lieu of the tables under subparagraph (A)) under this subsection for individuals who are entitled to benefits under the plan on account of disability. The Secretary of the Treasury shall establish separate tables for individuals whose disabilities occur in plan years beginning before January 1, 1995, and for individuals whose disabilities occur in plan years beginning on or after such date.

''(ii) SPECIAL RULE FOR DISABILITIES OCCURRING AFTER 1994.—In the case of disabilities occurring in plan years beginning after December 31, 1994, the tables under clause (i) shall apply only with respect to individuals described in such subclause who are disabled within the meaning of title II of the Social Security Act and the regulations thereunder.

''(iii) PERIODIC REVISION.—The Secretary of the Treasury shall (at least every 10 years) make revisions in any table in effect under clause (i) to reflect the actual experience of pension plans and projected trends in such experience.

''(4) PROBABILITY OF BENEFIT PAYMENTS IN THE FORM OF LUMP SUMS OR OTHER OPTIONAL FORMS.—For purposes of determining any present value or making any computation under this section, there shall be taken into account—

''(A) the probability that future benefit payments under the plan will be made in the form of optional forms of benefits provided under the plan (including lump sum distributions, determined on the basis of the plan's experience and other related assumptions), and

''(B) any difference in the present value of such future benefit payments resulting from the use of actuarial assumptions, in determining benefit payments in any such optional form of benefits, which are different from those specified in this subsection.

''(5) APPROVAL OF LARGE CHANGES IN ACTUARIAL ASSUMPTIONS.—

''(A) IN GENERAL.—No actuarial assumption used to determine the funding target for a plan to which this paragraph applies may be changed without the approval of the Secretary of the Treasury.

''(B) PLANS TO WHICH PARAGRAPH APPLIES.—This paragraph shall apply to a plan only if—

''(i) the plan is a single-employer plan to which title IV applies,

''(ii) the aggregate unfunded vested benefits as of the close of the preceding plan year (as determined under section 4006(a)(3)(E)(iii)) of such plan and all other plans maintained by the contributing sponsors (as defined in section 4001(a)(13)) and members of such sponsors' controlled groups (as defined in section 4001(a)(14)) which are covered by title IV (disregarding plans with no unfunded vested benefits) exceed $50,000,000, and

''(iii) the change in assumptions (determined after taking into account any changes in interest rate and mortality table) results in a decrease in the funding shortfall of the plan for the current plan year that exceeds $50,000,000, or that exceeds $5,000,000 and that is 5 percent or more of the funding target of the plan before such change.

''(i) SPECIAL RULES FOR AT-RISK PLANS.—

''(1) FUNDING TARGET FOR PLANS IN AT-RISK STATUS.—

''(A) IN GENERAL.—In the case of a plan which is in at-risk status for a plan year, the funding target of the plan for the plan year shall be equal to the sum of—

''(i) the present value of all benefits accrued or earned under the plan as of the beginning of the plan year, as determined by using the additional actuarial assumptions described in subparagraph (B), and

''(ii) in the case of a plan which also has been in at-risk status for at least 2 of the 4 preceding plan years, a loading factor determined under subparagraph (C).

''(B) ADDITIONAL ACTUARIAL ASSUMPTIONS.—The actuarial assumptions described in this subparagraph are as follows:

''(i) All employees who are not otherwise assumed to retire as of the valuation date but who will be eligible to elect benefits during the plan year and the 10 succeeding plan years shall be assumed to retire at the earliest retirement date under the plan but not before the end of the plan year for which the at-risk funding target and at-risk target normal cost are being determined.

''(ii) All employees shall be assumed to elect the retirement benefit available under the plan at the assumed retirement age (determined after application of clause (i)) which would result in the highest present value of benefits.

''(C) LOADING FACTOR.—The loading factor applied with respect to a plan under this paragraph for any plan year is the sum of—

''(i) $700, times the number of participants in the plan, plus

''(ii) 4 percent of the funding target (determined without regard to this paragraph) of the plan for the plan year.

''(2) TARGET NORMAL COST OF AT-RISK PLANS.—In the case of a plan which is in at-risk status for a plan year, the target normal cost of the plan for such plan year shall be equal to the sum of—

''(A) the present value of all benefits which are expected to accrue or be earned under the plan during the plan year, determined using the additional actuarial assumptions described in paragraph (1)(B), plus

''(B) in the case of a plan which also has been in at-risk status for at least 2 of the 4 preceding plan years, a loading factor equal to 4 percent of the target normal cost (determined without regard to this paragraph) of the plan for the plan year.

''(3) MINIMUM AMOUNT.—In no event shall—

''(A) the at-risk funding target be less than the funding target, as determined without regard to this subsection, or

''(B) the at-risk target normal cost be less than the target normal cost, as determined without regard to this subsection.

''(4) DETERMINATION OF AT-RISK STATUS.—For purposes of this subsection—

''(A) IN GENERAL.—A plan is in at-risk status for a plan year if—

''(i) the funding target attainment percentage for the preceding plan year (determined under this section without regard to this subsection) is less than 80 percent, and

''(ii) the funding target attainment percentage for the preceding plan year (determined under this section by using the additional actuarial assumptions described in paragraph (1)(B) in computing the funding target) is less than 70 percent.

''(B) TRANSITION RULE.—In the case of plan years beginning in 2008, 2009, and 2010, subparagraph (A)(i) shall be applied by substituting the following percentages for '80 percent':

''(i) 65 percent in the case of 2008.

''(ii) 70 percent in the case of 2009.

''(iii) 75 percent in the case of 2010.

In the case of plan years beginning in 2008, the funding target attainment percentage for the preceding plan year under subparagraph (A)(ii) may be determined using such methods of estimation as the Secretary of the Treasury may provide.

''(C) SPECIAL RULE FOR EMPLOYEES OFFERED EARLY RETIREMENT IN 2006.—

''(i) IN GENERAL.—For purposes of subparagraph (A)(ii), the additional actuarial assumptions described in paragraph (1)(B) shall not be taken into account with respect to any employee if—

''(I) such employee is employed by a specified automobile manufacturer,

''(II) such employee is offered a substantial amount of additional cash compensation, substantially enhanced retirement benefits under the plan, or materially reduced employment duties on the condition that by a specified date (not later than December 31, 2010) the employee retires (as defined under the terms of the plan),

''(III) such offer is made during 2006 and pursuant to a bona fide retirement incentive program and requires, by the terms of the offer, that such offer can be accepted not later than a specified date (not later than December 31, 2006), and

''(IV) such employee does not elect to accept such offer before the specified date on which the offer expires.

''(ii) SPECIFIED AUTOMOBILE MANUFACTURER.—For purposes of clause (i), the term 'specified automobile manufacturer' means—

''(I) any manufacturer of automobiles, and

''(II) any manufacturer of automobile parts which supplies such parts directly to a manufacturer of automobiles and which, after a transaction or series of transactions ending in 1999, ceased to be a member of a controlled group which included such manufacturer of automobiles.

''(5) TRANSITION BETWEEN APPLICABLE FUNDING TARGETS AND BETWEEN APPLICABLE TARGET NORMAL COSTS.—

''(A) IN GENERAL.—In any case in which a plan which is in at-risk status for a plan year has been in such status for a consecutive period of fewer than 5 plan years, the applicable amount of the funding target and of the target normal cost shall be, in lieu of the amount determined without regard to this paragraph, the sum of—

''(i) the amount determined under this section without regard to this subsection, plus

''(ii) the transition percentage for such plan year of the excess of the amount determined under this subsection (without regard to this paragraph) over the amount determined under this section without regard to this subsection.

''(B) TRANSITION PERCENTAGE.—For purposes of subparagraph (A), the transition percentage shall be determined in accordance with the following table:

''If the consecutive number of years (including the plan year) the plan is in at-risk status is—	**The transition percentage is—**
1	20
2	40
3	60
4	80.

''(C) YEARS BEFORE EFFECTIVE DATE.—For purposes of this paragraph, plan years beginning before 2008 shall not be taken into account.

''(6) SMALL PLAN EXCEPTION.—If, on each day during the preceding plan year, a plan had 500 or fewer participants, the plan shall not be treated as in at-risk status for the plan year. For purposes of this paragraph, all defined benefit plans (other than multiemployer plans) maintained by the same employer (or any member of such employer's controlled group) shall be treated as 1 plan, but only participants with respect to such employer or member shall be taken into account and the rules of subsection (g)(2)(C) shall apply.

''(j) PAYMENT OF MINIMUM REQUIRED CONTRIBUTIONS.—

''(1) IN GENERAL.—For purposes of this section, the due date for any payment of any minimum required contribution for any plan year shall be 8½ months after the close of the plan year.

''(2) INTEREST.—Any payment required under paragraph (1) for a plan year that is made on a date other than the valuation date for such plan year shall be adjusted for interest accruing for the period between the valuation date and the payment date, at the effective rate of interest for the plan for such plan year.

''(3) ACCELERATED QUARTERLY CONTRIBUTION SCHEDULE FOR UNDERFUNDED PLANS.—

''(A) FAILURE TO TIMELY MAKE REQUIRED INSTALLMENT.—In any case in which the plan has a funding shortfall for the preceding plan year, the employer maintaining the plan shall make the required installments under this paragraph and if the employer fails to pay the full amount of a required installment for the plan year, then the amount of interest charged under paragraph (2) on the underpayment for the period of underpayment shall be determined by using a rate of interest equal to the rate otherwise used under paragraph (2) plus 5 percentage points.

''(B) AMOUNT OF UNDERPAYMENT, PERIOD OF UNDERPAYMENT.—For purposes of subparagraph (A)—

''(i) AMOUNT.—The amount of the underpayment shall be the excess of—

''(I) the required installment, over

''(II) the amount (if any) of the installment contributed to or under the plan on or before the due date for the installment.

''(ii) PERIOD OF UNDERPAYMENT.—The period for which any interest is charged under this paragraph with respect to any portion of the underpayment shall run from the due date for the installment to the date on which such portion is contributed to or under the plan.

''(iii) ORDER OF CREDITING CONTRIBUTIONS.—For purposes of clause (i)(II), contributions shall be credited against unpaid required installments in the order in which such installments are required to be paid.

''(C) NUMBER OF REQUIRED INSTALLMENTS; DUE DATES.—For purposes of this paragraph—

''(i) PAYABLE IN 4 INSTALLMENTS.—There shall be 4 required installments for each plan year.

''(ii) TIME FOR PAYMENT OF INSTALLMENTS.—The due dates for required installments are set forth in the following table:

In the case of the following required installment:	**The due date is:**
1st	April 15
2nd	July 15
3rd	October 15
4th	January 15 of the following year.

''(D) AMOUNT OF REQUIRED INSTALLMENT.—For purposes of this paragraph—

''(i) IN GENERAL.—The amount of any required installment shall be 25 percent of the required annual payment.

''(ii) REQUIRED ANNUAL PAYMENT.—For purposes of clause (i), the term 'required annual payment' means the lesser of—

''(I) 90 percent of the minimum required contribution (determined without regard to this subsection) to the plan for the plan year under this section, or

''(II) 100 percent of the minimum required contribution (determined without regard to this subsection or to any waiver under section 302(c)) to the plan for the preceding plan year.

Subclause (II) shall not apply if the preceding plan year referred to in such clause was not a year of 12 months.

''(E) FISCAL YEARS AND SHORT YEARS.—

''(i) FISCAL YEARS.—In applying this paragraph to a plan year beginning on any date other than January 1, there shall be substituted for the months specified in this paragraph, the months which correspond thereto.

''(ii) SHORT PLAN YEAR.—This subparagraph shall be applied to plan years of less than 12 months in accordance with regulations prescribed by the Secretary of the Treasury.

''(4) LIQUIDITY REQUIREMENT IN CONNECTION WITH QUARTERLY CONTRIBUTIONS.—

''(A) IN GENERAL.—A plan to which this paragraph applies shall be treated as failing to pay the full amount of any required installment under paragraph (3) to the extent that the value of the liquid assets paid in such installment is less than the liquidity shortfall (whether or not such liquidity shortfall exceeds the amount of such installment required to be paid but for this paragraph).

''(B) PLANS TO WHICH PARAGRAPH APPLIES.—This paragraph shall apply to a plan (other than a plan described in subsection (g)(2)(B)) which—

''(i) is required to pay installments under paragraph (3) for a plan year, and

''(ii) has a liquidity shortfall for any quarter during such plan year.

''(C) PERIOD OF UNDERPAYMENT.—For purposes of paragraph (3)(A), any portion of an installment that is treated as not paid under subparagraph (A) shall continue to be treated as unpaid until the close of the quarter in which the due date for such installment occurs.

''(D) LIMITATION ON INCREASE.—If the amount of any required installment is increased by reason of subparagraph (A), in no event shall such increase exceed the amount which, when added to prior installments for the plan year, is necessary to increase the funding target attainment percentage of the plan for the plan year (taking into account the expected increase in funding target due to benefits accruing or earned during the plan year) to 100 percent.

''(E) DEFINITIONS.—For purposes of this paragraph—

''(i) LIQUIDITY SHORTFALL.—The term 'liquidity shortfall' means, with respect to any required installment, an amount equal to the excess (as of the last day of the quarter for which such installment is made) of—

''(I) the base amount with respect to such quarter, over

''(II) the value (as of such last day) of the plan's liquid assets.

''(ii) BASE AMOUNT.—

''(I) IN GENERAL.—The term 'base amount' means, with respect to any quarter, an amount equal to 3 times the sum of the adjusted disbursements from the plan for the 12 months ending on the last day of such quarter.

''(II) SPECIAL RULE.—If the amount determined under subclause (I) exceeds an amount equal to 2 times the sum of the adjusted disbursements from the plan for the 36 months ending on the last day of the quarter and an enrolled actuary certifies to the satisfaction of the Secretary of the Treasury that such excess is the result of nonrecurring circumstances, the base amount with respect to such quarter shall be determined without regard to amounts related to those nonrecurring circumstances.

''(iii) DISBURSEMENTS FROM THE PLAN.—The term 'disbursements from the plan' means all disbursements from the trust, including purchases of annuities, payments of single sums and other benefits, and administrative expenses.

''(iv) ADJUSTED DISBURSEMENTS.—The term 'adjusted disbursements' means disbursements from the plan reduced by the product of—

''(I) the plan's funding target attainment percentage for the plan year, and

''(II) the sum of the purchases of annuities, payments of single sums, and such other disbursements as the Secretary of the Treasury shall provide in regulations.

''(v) LIQUID ASSETS.—The term 'liquid assets' means cash, marketable securities, and such other assets as specified by the Secretary of the Treasury in regulations.

''(vi) QUARTER.—The term 'quarter' means, with respect to any required installment, the 3-month period preceding the month in which the due date for such installment occurs.

''(F) REGULATIONS.—The Secretary of the Treasury may prescribe such regulations as are necessary to carry out this paragraph.

''(k) IMPOSITION OF LIEN WHERE FAILURE TO MAKE REQUIRED CONTRIBUTIONS.—

''(1) IN GENERAL.—In the case of a plan to which this subsection applies (as provided under paragraph (2)), if—

''(A) any person fails to make a contribution payment required by section 302 and this section before the due date for such payment, and

''(B) the unpaid balance of such payment (including interest), when added to the aggregate unpaid balance of all preceding such payments for which payment was not made before the due date (including interest), exceeds $1,000,000,

then there shall be a lien in favor of the plan in the amount determined under paragraph (3) upon all property and rights to property, whether real or personal, belonging to such person and any other person who is a member of the same controlled group of which such person is a member.

''(2) PLANS TO WHICH SUBSECTION APPLIES.—This subsection shall apply to a single-employer plan covered under section 4021 for any plan year for which the funding target attainment percentage (as defined in subsection (d)(2)) of such plan is less than 100 percent.

''(3) AMOUNT OF LIEN.—For purposes of paragraph (1), the amount of the lien shall be equal to the aggregate unpaid balance of contribution payments required under this section and section 302 for which payment has not been made before the due date.

''(4) NOTICE OF FAILURE; LIEN.—

''(A) NOTICE OF FAILURE.—A person committing a failure described in paragraph (1) shall notify the Pension Benefit Guaranty Corporation of such failure within 10 days of the due date for the required contribution payment.

''(B) PERIOD OF LIEN.—The lien imposed by paragraph (1) shall arise on the due date for the required contribution payment and shall continue until the last day of the first plan year in which the plan ceases to be described in paragraph (1)(B). Such lien shall continue to run without regard to whether such plan continues to be described in paragraph (2) during the period referred to in the preceding sentence.

''(C) CERTAIN RULES TO APPLY.—Any amount with respect to which a lien is imposed under paragraph (1) shall be treated as taxes due and owing the United States and rules similar to the rules of subsections (c), (d), and (e) of section 4068 shall apply with respect to a lien imposed by subsection (a) and the amount with respect to such lien.

''(5) ENFORCEMENT.—Any lien created under paragraph (1) may be perfected and enforced only by the Pension Benefit Guaranty Corporation, or at the direction of the Pension Benefit Guaranty Corporation, by the contributing sponsor (or any member of the controlled group of the contributing sponsor).

''(6) DEFINITIONS.—For purposes of this subsection—

''(A) CONTRIBUTION PAYMENT.—The term 'contribution payment' means, in connection with a plan, a contribution payment required to be made to the plan, including any required installment under paragraphs (3) and (4) of subsection (j).

''(B) DUE DATE; REQUIRED INSTALLMENT.—The terms 'due date' and 'required installment' have the meanings given such terms by subsection (j), except that in the case of a payment other than a required installment, the due date shall be the date such payment is required to be made under section 303.

''(C) CONTROLLED GROUP.—The term 'controlled group' means any group treated as a single employer under subsections (b), (c), (m), and (o) of section 414 of the Internal Revenue Code of 1986.

''(l) QUALIFIED TRANSFERS TO HEALTH BENEFIT ACCOUNTS.—In the case of a qualified transfer (as defined in section 420 of the Internal Revenue Code of 1986), any assets so transferred shall not, for purposes of this section, be treated as assets in the plan.''.

(b) CLERICAL AMENDMENT.—The table of sections in section 1 of such Act (as amended by section 101) is amended by inserting after the item relating to section 302 the following new item:

''Sec. 303. Minimum funding standards for single-employer defined benefit pension plans.''.

(c) EFFECTIVE DATE.—The amendments made by this section shall apply with respect to plan years beginning after 2007.

SEC. 103. BENEFIT LIMITATIONS UNDER SINGLE-EMPLOYER PLANS.

(a) FUNDING-BASED LIMITS ON BENEFITS AND BENEFIT ACCRUALS UNDER SINGLE-EMPLOYER PLANS.—Section 206 of the Employee Retirement Income Security Act of 1974 (29 U.S.C. 1056) is amended by adding at the end the following new subsection:

''(g) FUNDING-BASED LIMITS ON BENEFITS AND BENEFIT ACCRUALS UNDER SINGLE-EMPLOYER PLANS.—

''(1) FUNDING-BASED LIMITATION ON SHUTDOWN BENEFITS AND OTHER UNPREDICTABLE CONTINGENT EVENT BENEFITS UNDER SINGLE-EMPLOYER PLANS.—

''(A) IN GENERAL.—If a participant of a defined benefit plan which is a single-employer plan is entitled to an unpredictable contingent event benefit payable with respect to any event occurring during any plan year, the plan shall provide that such benefit may not be provided if the adjusted funding target attainment percentage for such plan year—

''(i) is less than 60 percent, or

''(ii) would be less than 60 percent taking into account such occurrence.

''(B) EXEMPTION.—Subparagraph (A) shall cease to apply with respect to any plan year, effective as of the first day of the plan year, upon payment by the plan sponsor of a contribution (in addition to any minimum required contribution under section 303) equal to—

''(i) in the case of subparagraph (A)(i), the amount of the increase in the funding target of the plan (under section 303) for the plan year attributable to the occurrence referred to in subparagraph (A), and

''(ii) in the case of subparagraph (A)(ii), the amount sufficient to result in a funding target attainment percentage of 60 percent.

''(C) UNPREDICTABLE CONTINGENT EVENT.—For purposes of this paragraph, the term 'unpredictable contingent event benefit' means any benefit payable solely by reason of—

''(i) a plant shutdown (or similar event, as determined by the Secretary of the Treasury), or

''(ii) an event other than the attainment of any age, performance of any service, receipt or derivation of any compensation, or occurrence of death or disability.

''(2) LIMITATIONS ON PLAN AMENDMENTS INCREASING LIABILITY FOR BENEFITS.—

''(A) IN GENERAL.—No amendment to a defined benefit plan which is a single-employer plan which has the effect of increasing liabilities of the plan by reason of increases in benefits, establishment of new benefits, changing the rate of benefit accrual, or changing the rate at which benefits become nonforfeitable may take effect during any plan year if the adjusted funding target attainment percentage for such plan year is—

''(i) less than 80 percent, or

''(ii) would be less than 80 percent taking into account such amendment.

''(B) EXEMPTION.—Subparagraph (A) shall cease to apply with respect to any plan year, effective as of the first day of the plan year (or if later, the effective date of the amendment), upon payment by the plan sponsor of a contribution (in addition to any minimum required contribution under section 303) equal to—

''(i) in the case of subparagraph (A)(i), the amount of the increase in the funding target of the plan (under section 303) for the plan year attributable to the amendment, and

''(ii) in the case of subparagraph (A)(ii), the amount sufficient to result in an adjusted funding target attainment percentage of 80 percent.

''(C) EXCEPTION FOR CERTAIN BENEFIT INCREASES.—Subparagraph (A) shall not apply to any amendment which provides for an increase in benefits under a formula which is not based on a participant's compensation, but only if the rate of such increase is not in excess of the contemporaneous rate of increase in average wages of participants covered by the amendment.

''(3) LIMITATIONS ON ACCELERATED BENEFIT DISTRIBUTIONS.—

''(A) FUNDING PERCENTAGE LESS THAN 60 PERCENT.—A defined benefit plan which is a single-employer plan shall provide that, in any case in which the plan's adjusted funding target attainment percentage for a plan year is less than 60 percent, the plan may not pay any prohibited payment after the valuation date for the plan year.

''(B) BANKRUPTCY.—A defined benefit plan which is a single-employer plan shall provide that, during any period in which the plan sponsor is a debtor in a case under title 11,

United States Code, or similar Federal or State law, the plan may not pay any prohibited payment. The preceding sentence shall not apply on or after the date on which the enrolled actuary of the plan certifies that the adjusted funding target attainment percentage of such plan is not less than 100 percent.

''(C) LIMITED PAYMENT IF PERCENTAGE AT LEAST 60 PERCENT BUT LESS THAN 80 PERCENT.—

''(i) IN GENERAL.—A defined benefit plan which is a single-employer plan shall provide that, in any case in which the plan's adjusted funding target attainment percentage for a plan year is 60 percent or greater but less than 80 percent, the plan may not pay any prohibited payment after the valuation date for the plan year to the extent the amount of the payment exceeds the lesser of—

''(I) 50 percent of the amount of the payment which could be made without regard to this subsection, or

''(II) the present value (determined under guidance prescribed by the Pension Benefit Guaranty Corporation, using the interest and mortality assumptions under section 205(g)) of the maximum guarantee with respect to the participant under section 4022.

''(ii) ONE-TIME APPLICATION.—

''(I) IN GENERAL.—The plan shall also provide that only 1 prohibited payment meeting the requirements of clause (i) may be made with respect to any participant during any period of consecutive plan years to which the limitations under either subparagraph (A) or (B) or this subparagraph applies.

''(II) TREATMENT OF BENEFICIARIES.—For purposes of this clause, a participant and any beneficiary on his behalf (including an alternate payee, as defined in section 206(d)(3)(K)) shall be treated as 1 participant. If the accrued benefit of a participant is allocated to such an alternate payee and 1 or more other persons, the amount under clause (i) shall be allocated among such persons in the same manner as the accrued benefit is allocated unless the qualified domestic relations order (as defined in section 206(d)(3)(B)(i)) provides otherwise.

''(D) EXCEPTION.—This paragraph shall not apply to any plan for any plan year if the terms of such plan (as in effect for the period beginning on September 1, 2005, and ending with such plan year) provide for no benefit accruals with respect to any participant during such period.

''(E) PROHIBITED PAYMENT.—For purpose of this paragraph, the term 'prohibited payment' means—

''(i) any payment, in excess of the monthly amount paid under a single life annuity (plus any social security supplements described in the last sentence of section 204(b)(1)(G)), to a participant or beneficiary whose annuity starting date (as defined in section 205(h)(2)) occurs during any period a limitation under subparagraph (A) or (B) is in effect,

''(ii) any payment for the purchase of an irrevocable commitment from an insurer to pay benefits, and

''(iii) any other payment specified by the Secretary of the Treasury by regulations.

''(4) LIMITATION ON BENEFIT ACCRUALS FOR PLANS WITH SEVERE FUNDING SHORTFALLS.—

''(A) IN GENERAL.—A defined benefit plan which is a single-employer plan shall provide that, in any case in which the plan's adjusted funding target attainment percentage for a plan year is less than 60 percent, benefit accruals under the plan shall cease as of the valuation date for the plan year.

''(B) EXEMPTION.—Subparagraph (A) shall cease to apply with respect to any plan year, effective as of the first day of the plan year, upon payment by the plan sponsor of a contribution (in addition to any minimum required contribution under section 303) equal to the amount sufficient to result in an adjusted funding target attainment percentage of 60 percent.

''(5) RULES RELATING TO CONTRIBUTIONS REQUIRED TO AVOID BENEFIT LIMITATIONS.—

''(A) SECURITY MAY BE PROVIDED.—

''(i) IN GENERAL.—For purposes of this subsection, the adjusted funding target attainment percentage shall be determined by treating as an asset of the plan any security provided by a plan sponsor in a form meeting the requirements of clause (ii).

''(ii) FORM OF SECURITY.—The security required under clause (i) shall consist of—

''(I) a bond issued by a corporate surety company that is an acceptable surety for purposes of section 412 of this Act,

''(II) cash, or United States obligations which mature in 3 years or less, held in escrow by a bank or similar financial institution, or

''(III) such other form of security as is satisfactory to the Secretary of the Treasury and the parties involved.

''(iii) ENFORCEMENT.—Any security provided under clause (i) may be perfected and enforced at any time after the earlier of—

''(I) the date on which the plan terminates,

''(II) if there is a failure to make a payment of the minimum required contribution for any plan year beginning after the security is provided, the due date for the payment under section 303(j), or

''(III) if the adjusted funding target attainment percentage is less than 60 percent for a consecutive period of 7 years, the valuation date for the last year in the period.

''(iv) RELEASE OF SECURITY.—The security shall be released (and any amounts thereunder shall be refunded together with any interest accrued thereon) at such time as the Secretary of the Treasury may prescribe in regulations, including regulations for partial releases of the security by reason of increases in the funding target attainment percentage.

''(B) PREFUNDING BALANCE OR FUNDING STANDARD CARRYOVER BALANCE MAY NOT BE USED.—No prefunding balance or funding standard carryover balance under section 303(f) may be used under paragraph (1), (2), or (4) to satisfy any payment an employer may make under any such paragraph to avoid or terminate the application of any limitation under such paragraph.

''(C) DEEMED REDUCTION OF FUNDING BALANCES.—

''(i) IN GENERAL.—Subject to clause (iii), in any case in which a benefit limitation under paragraph (1), (2), (3), or (4) would (but for this subparagraph and determined without regard to paragraph (1)(B), (2)(B), or (4)(B)) apply to such plan for the plan year, the plan sponsor of such plan shall be treated for purposes of this Act as having made an election under section 303(f) to reduce the prefunding balance or funding standard carryover balance by such amount as is necessary for such benefit limitation to not apply to the plan for such plan year.

''(ii) EXCEPTION FOR INSUFFICIENT FUNDING BALANCES.—Clause (i) shall not apply with respect to a benefit limitation for any plan year if the application of clause (i) would not result in the benefit limitation not applying for such plan year.

''(iii) RESTRICTIONS OF CERTAIN RULES TO COLLECTIVELY BARGAINED PLANS.—With respect to any benefit limitation under paragraph (1), (2), or (4), clause (i) shall only apply in the case of a plan maintained pursuant to 1 or more collective bargaining agreements between employee representatives and 1 or more employers.

''(6) NEW PLANS.—Paragraphs (1), (2) and (4) shall not apply to a plan for the first 5 plan years of the plan. For purposes of this paragraph, the reference in this paragraph to a plan shall include a reference to any predecessor plan.

''(7) PRESUMED UNDERFUNDING FOR PURPOSES OF BENEFIT LIMITATIONS.—

''(A) PRESUMPTION OF CONTINUED UNDERFUNDING.—In any case in which a benefit limitation under paragraph (1), (2), (3), or (4) has been applied to a plan with respect to the plan year preceding the current plan year, the adjusted funding target attainment percentage of the plan for the current plan year shall be presumed to be equal to the adjusted funding target attainment percentage of the plan for the preceding plan year until the enrolled actuary of the plan certifies the actual adjusted funding target attainment percentage of the plan for the current plan year.

''(B) PRESUMPTION OF UNDERFUNDING AFTER 10TH MONTH.—In any case in which no certification of the adjusted funding target attainment percentage for the current plan year is made with respect to the plan before the first day of the 10th month of such year, for purposes of paragraphs (1), (2), (3), and (4), such first day shall be deemed, for purposes of such paragraph, to be the valuation date of the plan for the current plan year and the plan's adjusted funding target attainment percentage shall be conclusively presumed to be less than 60 percent as of such first day.

''(C) PRESUMPTION OF UNDERFUNDING AFTER 4TH MONTH FOR NEARLY UNDERFUNDED PLANS.—In any case in which—

''(i) a benefit limitation under paragraph (1), (2), (3), or (4) did not apply to a plan with respect to the plan year preceding the current plan year, but the adjusted funding target attainment percentage of the plan for such preceding plan year was not more than 10 percentage points greater than the percentage which would have caused such paragraph to apply to the plan with respect to such preceding plan year, and

''(ii) as of the first day of the 4th month of the current plan year, the enrolled actuary of the plan has not certified the actual adjusted funding target attainment percentage of the plan for the current plan year,

until the enrolled actuary so certifies, such first day shall be deemed, for purposes of such paragraph, to be the valuation date of the plan for the current plan year and the adjusted funding target attainment percentage of the plan as of such first day shall, for purposes of such paragraph, be presumed to be equal to 10 percentage points less than the adjusted funding target attainment percentage of the plan for such preceding plan year.

''(8) TREATMENT OF PLAN AS OF CLOSE OF PROHIBITED OR CESSATION PERIOD.—For purposes of applying this part—

''(A) OPERATION OF PLAN AFTER PERIOD.—Unless the plan provides otherwise, payments and accruals will resume effective as of the day following the close of the period for which any limitation of payment or accrual of benefits under paragraph (3) or (4) applies.

''(B) TREATMENT OF AFFECTED BENEFITS.—Nothing in this paragraph shall be construed as affecting the plan's treatment of benefits which would have been paid or accrued but for this subsection.

''(9) TERMS RELATING TO FUNDING TARGET ATTAINMENT PERCENTAGE.—For purposes of this subsection—

''(A) IN GENERAL.—The term 'funding target attainment percentage' has the same meaning given such term by section 303(d)(2).

''(B) ADJUSTED FUNDING TARGET ATTAINMENT PERCENTAGE.—The term 'adjusted funding target attainment percentage' means the funding target attainment percentage which is determined under subparagraph (A) by increasing each of the amounts under subparagraphs (A) and (B) of section 303(d)(2) by the

aggregate amount of purchases of annuities for employees other than highly compensated employees (as defined in section 414(q) of the Internal Revenue Code of 1986) which were made by the plan during the preceding 2 plan years.

''(C) APPLICATION TO PLANS WHICH ARE FULLY FUNDED WITHOUT REGARD TO REDUCTIONS FOR FUNDING BALANCES.—

''(i) IN GENERAL.—In the case of a plan for any plan year, if the funding target attainment percentage is 100 percent or more (determined without regard to this subparagraph and without regard to the reduction in the value of assets under section 303(f)(4)), the funding target attainment percentage for purposes of subparagraphs (A) and (B) shall be determined without regard to such reduction.

''(ii) TRANSITION RULE.—Clause (i) shall be applied to plan years beginning after 2007 and before 2011 by substituting for '100 percent' the applicable percentage determined in accordance with the following table:

''In the case of a plan year beginning in calendar year:	**The applicable percentage is**
2008	92
2009	94
2010	96.

''(iii) LIMITATION.—Clause (ii) shall not apply with respect to any plan year after 2008 unless the funding target attainment percentage (determined without regard to this subparagraph) of the plan for each preceding plan year after 2007 was not less than the applicable percentage with respect to such preceding plan year determined under clause (ii).

''(10) SPECIAL RULE FOR 2008.—For purposes of this subsection, in the case of plan years beginning in 2008, the funding target attainment percentage for the preceding plan year may be determined using such methods of estimation as the Secretary of the Treasury may provide.''.

(b) NOTICE REQUIREMENT.—

(1) IN GENERAL.—Section 101 of such Act (29 U.S.C. 1021) is amended—

(A) by redesignating subsection (j) as subsection (k); and

(B) by inserting after subsection (i) the following new subsection:

''(j) NOTICE OF FUNDING-BASED LIMITATION ON CERTAIN FORMS OF DISTRIBUTION.—The plan administrator of a single-employer plan shall provide a written notice to plan participants and beneficiaries within 30 days—

''(1) after the plan has become subject to a restriction described in paragraph (1) or (3) of section 206(g)),

''(2) in the case of a plan to which section 206(g)(4) applies, after the valuation date for the plan year described in section 206(g)(4)(B) for which the plan's adjusted funding target attainment percentage for the plan year is less than 60 percent (or, if earlier, the date such percentage is deemed to be less than 60 percent under section 206(g)(7)), and

''(3) at such other time as may be determined by the Secretary of the Treasury.

The notice required to be provided under this subsection shall be in writing, except that such notice may be in electronic or other form to the extent that such form is reasonably accessible to the recipient.''.

(2) ENFORCEMENT.—Section 502(c)(4) of such Act (29 U.S.C. 1132(c)(4)) is amended by striking ''section 302(b)(7)(F)(iv)'' and inserting ''section 101(j) or 302(b)(7)(F)(iv)''.

(c) EFFECTIVE DATES.—

(1) IN GENERAL.—The amendments made by this section shall apply to plan years beginning after December 31, 2007.

(2) COLLECTIVE BARGAINING EXCEPTION.—In the case of a plan maintained pursuant to 1 or more collective bargaining agreements between employee representatives and 1 or more employers ratified before January 1, 2008, the amendments made by this section shall not apply to plan years beginning before the earlier of—

(A) the later of—

(i) the date on which the last collective bargaining agreement relating to the plan terminates (determined without regard to any extension thereof agreed to after the date of the enactment of this Act), or

(ii) the first day of the first plan year to which the amendments made by this subsection would (but for this subparagraph) apply, or

(B) January 1, 2010.

For purposes of subparagraph (A)(i), any plan amendment made pursuant to a collective bargaining agreement relating to the plan which amends the plan solely to conform to any requirement added by this section shall not be treated as a termination of such collective bargaining agreement.

SEC. 104. SPECIAL RULES FOR MULTIPLE EMPLOYER PLANS OF CERTAIN COOPERATIVES.

(a) GENERAL RULE.—Except as provided in this section, if a plan in existence on July 26, 2005, was an eligible cooperative plan for its plan year which includes such date, the amendments made by this subtitle and subtitle B shall not apply to plan years beginning before the earlier of—

(1) the first plan year for which the plan ceases to be an eligible cooperative plan, or

(2) January 1, 2017.

(b) INTEREST RATE.—In applying section 302(b)(5)(B) of the Employee Retirement Income Security Act of 1974 and section 412(b)(5)(B) of the Internal Revenue Code of 1986 (as in effect before the amendments made by this subtitle and subtitle B) to an eligible cooperative plan for plan years beginning after December 31, 2007, and before the first plan year to which such amendments apply, the third segment rate determined under section 303(h)(2)(C)(iii) of such Act and section 430(h)(2)(C)(iii) of such Code (as added by such amendments) shall be used in lieu of the interest rate otherwise used.

(c) ELIGIBLE COOPERATIVE PLAN DEFINED.—For purposes of this section, a plan shall be treated as an eligible cooperative plan for a plan year if the plan is maintained by more than 1 employer and at least 85 percent of the employers are—

(1) rural cooperatives (as defined in section 401(k)(7)(B) of such Code without regard to clause (iv) thereof), or

(2) organizations which are—

(A) cooperative organizations described in section 1381(a) of such Code which are more than 50-percent owned by agricultural producers or by cooperatives owned by agricultural producers, or

(B) more than 50-percent owned, or controlled by, one or more cooperative organizations described in subparagraph (A).

A plan shall also be treated as an eligible cooperative plan for any plan year for which it is described in section 210(a) of the Employee Retirement Income Security Act of 1974 and is maintained by a rural telephone cooperative association described in section 3(40)(B)(v) of such Act.

SEC. 105. TEMPORARY RELIEF FOR CERTAIN PBGC SETTLEMENT PLANS.

(a) GENERAL RULE.—Except as provided in this section, if a plan in existence on July 26, 2005, was a PBGC settlement plan as of such date, the amendments made by this subtitle and subtitle B shall not apply to plan years beginning before January 1, 2014.

(b) INTEREST RATE.—In applying section 302(b)(5)(B) of the Employee Retirement Income Security Act of 1974 and section 412(b)(5)(B) of the Internal Revenue Code of 1986 (as in effect before the amendments made by this subtitle and subtitle B), to a PBGC settlement plan for plan years beginning after December 31, 2007, and before January 1, 2014, the third segment rate determined under section 303(h)(2)(C)(iii) of such Act and section 430(h)(2)(C)(iii) of such Code (as added by such amendments) shall be used in lieu of the interest rate otherwise used.

(c) PBGC SETTLEMENT PLAN.—For purposes of this section, the term ''PBGC settlement plan'' means a defined benefit plan (other than a multiemployer plan) to which section 302 of such Act and section 412 of such Code apply and—

(1) which was sponsored by an employer which was in bankruptcy, giving rise to a claim by the Pension Benefit Guaranty Corporation of not greater than $150,000,000, and the sponsorship of which was assumed by another employer that was not a member of the same controlled group as the bankrupt sponsor and the claim of the Pension Benefit Guaranty Corporation was settled or withdrawn in connection with the assumption of the sponsorship, or

(2) which, by agreement with the Pension Benefit Guaranty Corporation, was spun off from a plan subsequently terminated by such Corporation under section 4042 of the Employee Retirement Income Security Act of 1974.

SEC. 106. SPECIAL RULES FOR PLANS OF CERTAIN GOVERNMENT CONTRACTORS.

(a) GENERAL RULE.—Except as provided in this section, if a plan is an eligible government contractor plan, this subtitle and subtitle B shall not apply to plan years beginning before the earliest of—

(1) the first plan year for which the plan ceases to be an eligible government contractor plan,

(2) the effective date of the Cost Accounting Standards Pension Harmonization Rule, or

(3) January 1, 2011.

(b) INTEREST RATE.—In applying section 302(b)(5)(B) of the Employee Retirement Income Security Act of 1974 and section 412(b)(5)(B) of the Internal Revenue Code of 1986 (as in effect before the amendments made by this subtitle and subtitle B) to an eligible government contractor plan for plan years beginning after December 31, 2007, and before the first plan year to which such amendments apply, the third segment rate determined under section 303(h)(2)(C)(iii) of such Act and section 430(h)(2)(C)(iii) of such Code (as added by such amendments) shall be used in lieu of the interest rate otherwise used.

(c) ELIGIBLE GOVERNMENT CONTRACTOR PLAN DEFINED.—For purposes of this section, a plan shall be treated as an eligible government contractor plan if it is maintained by a corporation or a member of the same affiliated group (as defined by section 1504(a) of the Internal Revenue Code of 1986), whose primary source of revenue is derived from business performed under contracts with the United States that are subject to the Federal Acquisition Regulations (Chapter 1 of Title 48, C.F.R.) and that are also subject to the Defense Federal Acquisition Regulation Supplement (Chapter 2 of Title 48, C.F.R.), and whose revenue derived from such business in the previous fiscal year exceeded $5,000,000,000, and whose pension plan costs that are assignable under those contracts are subject to sections 412 and 413 of the Cost Accounting Standards (48 C.F.R. 9904.412 and 9904.413).

(d) COST ACCOUNTING STANDARDS PENSION HARMONIZATION RULE.—The Cost Accounting Standards Board shall review and revise sections 412 and 413 of the Cost Accounting Standards (48 C.F.R. 9904.412 and 9904.413) to harmonize the minimum required contribution under the Employee Retirement Income

Security Act of 1974 of eligible government contractor plans and government reimbursable pension plan costs not later than January 1, 2010. Any final rule adopted by the Cost Accounting Standards Board shall be deemed the Cost Accounting Standards Pension Harmonization Rule.

SEC. 107. TECHNICAL AND CONFORMING AMENDMENTS.

(a) MISCELLANEOUS AMENDMENTS TO TITLE I.—Subtitle B of title I of such Act (29 U.S.C. 1021 et seq.) is amended—

(1) in section 101(d)(3), by striking ''section 302(e)'' and inserting ''section 303(j)'';

(2) in section 103(d)(8)(B), by striking ''the requirements of section 302(c)(3)'' and inserting ''the applicable requirements of sections 303(h) and 304(c)(3)'';

(3) in section 103(d), by striking paragraph (11) and inserting the following:

''(11) If the current value of the assets of the plan is less than 70 percent of—

''(A) in the case of a single-employer plan, the funding target (as defined in section 303(d)(1)) of the plan, or

''(B) in the case of a multiemployer plan, the current liability (as defined in section 304(c)(6)(D)) under the plan,

the percentage which such value is of the amount described in subparagraph (A) or (B).'';

(4) in section 203(a)(3)(C), by striking ''section 302(c)(8)'' and inserting ''section 302(d)(2)'';

(5) in section 204(g)(1), by striking ''section 302(c)(8)'' and inserting ''section 302(d)(2)'';

(6) in section 204(i)(2)(B), by striking ''section 302(c)(8)'' and inserting ''section 302(d)(2)'';

(7) in section 204(i)(3), by striking ''funded current liability percentage (within the meaning of section 302(d)(8) of this Act)'' and inserting ''funding target attainment percentage (as defined in section 303(d)(2))'';

(8) in section 204(i)(4), by striking ''section 302(c)(11)(A), without regard to section 302(c)(11)(B)'' and inserting ''section 302(b)(1), without regard to section 302(b)(2)'';

(9) in section 206(e)(1), by striking ''section 302(d)'' and inserting ''section 303(j)(4)'', and by striking ''section 302(e)(5)'' and inserting ''section 303(j)(4)(E)(i)'';

(10) in section 206(e)(3), by striking ''section 302(e) by reason of paragraph (5)(A) thereof'' and inserting ''section 303(j)(3) by reason of section 303(j)(4)(A)''; and

(11) in sections 101(e)(3), 403(c)(1), and 408(b)(13), by striking ''American Jobs Creation Act of 2004'' and inserting ''Pension Protection Act of 2006''.

(b) MISCELLANEOUS AMENDMENTS TO TITLE IV.—Title IV of such Act is amended—

(1) in section 4001(a)(13) (29 U.S.C. 1301(a)(13)), by striking ''302(c)(11)(A)'' and inserting ''302(b)(1)'', by striking ''412(c)(11)(A)'' and inserting ''412(b)(1)'', by striking ''302(c)(11)(B)'' and inserting ''302(b)(2)'', and by striking ''412(c)(11)(B)'' and inserting ''412(b)(2)'';

(2) in section 4003(e)(1) (29 U.S.C. 1303(e)(1)), by striking ''302(f)(1)(A) and (B)'' and inserting ''303(k)(1)(A) and (B)'', and by striking ''412(n)(1)(A) and (B)'' and inserting ''430(k)(1)(A) and (B)'';

(3) in section 4010(b)(2) (29 U.S.C. 1310(b)(2)), by striking ''302(f)(1)(A) and (B)'' and inserting ''303(k)(1)(A) and (B)'', and by striking ''412(n)(1)(A) and (B)'' and inserting ''430(k)(1)(A) and (B)'';

(4) in section 4062(c) (29 U.S.C. 1362(c)), by striking paragraphs (1), (2), and (3) and inserting the following:

''(1) the sum of the shortfall amortization charge (within the meaning of section 303(c)(1) of this Act and 430(d)(1) of the Internal Revenue Code of 1986) with respect to the plan (if any) for the plan year in which the termination date occurs, plus the aggregate total of shortfall amortization installments (if any) determined for succeeding plan years under section 303(c)(2) of this Act and section 430(d)(2) of such Code (which, for purposes of this subparagraph, shall include any increase in such sum which would result if all applications for waivers of the minimum funding standard under section 302(c) of this Act and section 412(c) of such Code which are pending with respect to such plan were denied and if no additional contributions (other than those already made by the termination date) were made for the plan year in which the termination date occurs or for any previous plan year), and

''(2) the sum of the waiver amortization charge (within the meaning of section 303(e)(1) of this Act and 430(e)(1) of the Internal Revenue Code of 1986) with respect to the plan (if any) for the plan year in which the termination date occurs, plus the aggregate total of waiver amortization installments (if any) determined for succeeding plan years under section 303(e)(2) of this Act and section 430(e)(2) of such Code,'';

(5) in section 4071 (29 U.S.C. 1371), by striking ''302(f)(4)'' and inserting ''303(k)(4)'';

(6) in section 4243(a)(1)(B) (29 U.S.C. 1423(a)(1)(B)), by striking ''302(a)'' and inserting ''304(a)'', and, in clause (i), by striking ''302(a)'' and inserting ''304(a)'';

(7) in section 4243(f)(1) (29 U.S.C. 1423(f)(1)), by striking ''303(a)'' and inserting ''302(c)'';

(8) in section 4243(f)(2) (29 U.S.C. 1423(f)(2)), by striking ''303(c)'' and inserting ''302(c)(3)''; and

(9) in section 4243(g) (29 U.S.C. 1423(g)), by striking ''302(c)(3)'' and inserting ''304(c)(3)''.

(c) AMENDMENTS TO REORGANIZATION PLAN NO. 4 OF 1978.—Section 106(b)(ii) of Reorganization Plan No. 4 of 1978 (ratified and affirmed as law by Public Law 98–532 (98 Stat. 2705)) is amended by striking ''302(c)(8)'' and inserting ''302(d)(2)'', by striking ''304(a) and (b)(2)(A)'' and inserting ''304(d)(1), (d)(2), and (e)(2)(A)'', and by striking ''412(c)(8), (e), and (f)(2)(A)'' and inserting ''412(c)(2) and 431(d)(1), (d)(2), and (e)(2)(A)''.

(d) REPEAL OF EXPIRED AUTHORITY FOR TEMPORARY VARIANCES.—Section 207 of such Act (29 U.S.C. 1057) is repealed.

(e) EFFECTIVE DATE.—The amendments made by this section shall apply to plan years beginning after 2007.

Subtitle B—Amendments to Internal Revenue Code of 1986

SEC. 111. MINIMUM FUNDING STANDARDS.

(a) NEW MINIMUM FUNDING STANDARDS.—Section 412 of the Internal Revenue Code of 1986 (relating to minimum funding standards) is amended to read as follows:

''SEC. 412. MINIMUM FUNDING STANDARDS.

''(a) REQUIREMENT TO MEET MINIMUM FUNDING STANDARD.—

''(1) IN GENERAL.—A plan to which this section applies shall satisfy the minimum funding standard applicable to the plan for any plan year.

''(2) MINIMUM FUNDING STANDARD.—For purposes of paragraph (1), a plan shall be treated as satisfying the minimum funding standard for a plan year if—

''(A) in the case of a defined benefit plan which is not a multiemployer plan, the employer makes contributions to or under the plan for the plan year which, in the aggregate, are not less than the minimum required contribution determined under section 430 for the plan for the plan year,

''(B) in the case of a money purchase plan which is not a multiemployer plan, the employer makes contributions to or under the plan for the plan year which are required under the terms of the plan, and

''(C) in the case of a multiemployer plan, the employers make contributions to or under the plan for any plan year which, in the aggregate, are sufficient to ensure that the plan does not have an accumulated funding deficiency under section 431 as of the end of the plan year.

''(b) LIABILITY FOR CONTRIBUTIONS.—

''(1) IN GENERAL.—Except as provided in paragraph (2), the amount of any contribution required by this section (including any required installments under paragraphs (3) and (4) of section 430(j)) shall be paid by the employer responsible for making contributions to or under the plan.

''(2) JOINT AND SEVERAL LIABILITY WHERE EMPLOYER MEMBER OF CONTROLLED GROUP.—If the employer referred to in paragraph (1) is a member of a controlled group, each member of such group shall be jointly and severally liable for payment of such contributions.

''(c) VARIANCE FROM MINIMUM FUNDING STANDARDS.—

''(1) WAIVER IN CASE OF BUSINESS HARDSHIP.—

''(A) IN GENERAL.—If—

''(i) an employer is (or in the case of a multiemployer plan, 10 percent or more of the number of employers contributing to or under the plan is) unable to satisfy the minimum funding standard for a plan year without temporary substantial business hardship (substantial business hardship in the case of a multiemployer plan), and

''(ii) application of the standard would be adverse to the interests of plan participants in the aggregate,

the Secretary may, subject to subparagraph (C), waive the requirements of subsection (a) for such year with respect to all or any portion of the minimum funding standard. The Secretary shall not waive the minimum funding standard with respect to a plan for more than 3 of any 15 (5 of any 15 in the case of a multiemployer plan) consecutive plan years

''(B) EFFECTS OF WAIVER.—If a waiver is granted under subparagraph (A) for any plan year—

''(i) in the case of a defined benefit plan which is not a multiemployer plan, the minimum required contribution under section 430 for the plan year shall be reduced by the amount of the waived funding deficiency and such amount shall be amortized as required under section 430(e), and

''(ii) in the case of a multiemployer plan, the funding standard account shall be credited under section 431(b)(3)(C) with the amount of the waived funding deficiency and such amount shall be amortized as required under section 431(b)(2)(C).

''(C) WAIVER OF AMORTIZED PORTION NOT ALLOWED.—The Secretary may not waive under subparagraph (A) any portion of the minimum funding standard under subsection (a) for a plan year which is attributable to any waived funding deficiency for any preceding plan year.

''(2) DETERMINATION OF BUSINESS HARDSHIP.—For purposes of this subsection, the factors taken into account in determining temporary substantial business hardship (substantial business hardship in the case of a multiemployer plan) shall include (but shall not be limited to) whether or not—

''(A) the employer is operating at an economic loss,

''(B) there is substantial unemployment or underemployment in the trade or business and in the industry concerned,

''(C) the sales and profits of the industry concerned are depressed or declining, and

''(D) it is reasonable to expect that the plan will be continued only if the waiver is granted.

''(3) WAIVED FUNDING DEFICIENCY.—For purposes of this section and part III of this subchapter, the term 'waived funding deficiency' means the portion of the minimum funding standard under subsection (a) (determined without regard to the waiver) for a plan year waived by the Secretary and not satisfied by employer contributions.

''(4) SECURITY FOR WAIVERS FOR SINGLE-EMPLOYER PLANS, CONSULTATIONS.—

''(A) SECURITY MAY BE REQUIRED.—

''(i) IN GENERAL.—Except as provided in subparagraph (C), the Secretary may require an employer maintaining a defined benefit plan which is a single-employer plan (within the meaning of section 4001(a)(15) of the Employee Retirement Income Security Act of 1974) to provide security to such plan as a condition for granting or modifying a waiver under paragraph (1).

''(ii) SPECIAL RULES.—Any security provided under clause (i) may be perfected and enforced only by the Pension Benefit Guaranty Corporation, or at the direction of the Corporation, by a contributing sponsor (within the meaning of section 4001(a)(13) of the Employee Retirement Income Security Act of 1974), or a member of such sponsor's controlled group (within the meaning of section 4001(a)(14) of such Act).

''(B) CONSULTATION WITH THE PENSION BENEFIT GUARANTY CORPORATION.—Except as provided in subparagraph (C), the Secretary shall, before granting or modifying a waiver under this subsection with respect to a plan described in subparagraph (A)(i)—

''(i) provide the Pension Benefit Guaranty Corporation with—

''(I) notice of the completed application for any waiver or modification, and

''(II) an opportunity to comment on such application within 30 days after receipt of such notice, and

''(ii) consider—

''(I) any comments of the Corporation under clause (i)(II), and

''(II) any views of any employee organization (within the meaning of section 3(4) of the Employee Retirement Income Security Act of 1974) representing participants in the plan which are submitted in writing to the Secretary in connection with such application.

Information provided to the Corporation under this subparagraph shall be considered tax return information and subject to the safeguarding and reporting requirements of section 6103(p).

''(C) EXCEPTION FOR CERTAIN WAIVERS.—

''(i) IN GENERAL.—The preceding provisions of this paragraph shall not apply to any plan with respect to which the sum of—

''(I) the aggregate unpaid minimum required contributions (within the meaning of section 4971(c)(4)) for the plan year and all preceding plan years, and

''(II) the present value of all waiver amortization installments determined for the plan year and succeeding plan years under section 430(e)(2),

is less than $1,000,000.

''(ii) TREATMENT OF WAIVERS FOR WHICH APPLICATIONS ARE PENDING.—The amount described in clause (i)(I) shall include any increase in such amount which would result if all applications for waivers of the minimum funding standard under this subsection which are pending with respect to such plan were denied.

''(5) SPECIAL RULES FOR SINGLE-EMPLOYER PLANS.—

''(A) APPLICATION MUST BE SUBMITTED BEFORE DATE 2½ MONTHS AFTER CLOSE OF YEAR.—In the case of a defined benefit plan which is not a multiemployer plan, no waiver may be granted under this subsection with respect to any plan for any plan year unless an application therefor is submitted to the Secretary not later than the 15th day of the 3rd month beginning after the close of such plan year.

''(B) SPECIAL RULE IF EMPLOYER IS MEMBER OF CONTROLLED GROUP.—In the case of a defined benefit plan which is not a multiemployer plan, if an employer is a member of a controlled group, the temporary substantial business hardship requirements of paragraph (1) shall be treated as met only if such requirements are met—

''(i) with respect to such employer, and

''(ii) with respect to the controlled group of which such employer is a member (determined by treating all members of such group as a single employer).

The Secretary may provide that an analysis of a trade or business or industry of a member need not be conducted if the Secretary determines such analysis is not necessary because the taking into account of such member would not significantly affect the determination under this paragraph.

''(6) ADVANCE NOTICE.—

''(A) IN GENERAL.—The Secretary shall, before granting a waiver under this subsection, require each applicant to provide evidence satisfactory to the Secretary that the applicant has provided notice of the filing of the application for such waiver to each affected party (as defined in section 4001(a)(21) of the Employee Retirement Income Security Act of 1974). Such notice shall include a description of the extent to which the plan is funded for benefits which are guaranteed under title IV of the Employee Retirement Income Security Act of 1974 and for benefit liabilities.

''(B) CONSIDERATION OF RELEVANT INFORMATION.—The Secretary shall consider any relevant information provided by a person to whom notice was given under subparagraph (A).

''(7) RESTRICTION ON PLAN AMENDMENTS.—

''(A) IN GENERAL.—No amendment of a plan which increases the liabilities of the plan by reason of any increase in benefits, any change in the accrual of benefits, or any change in the rate at which benefits become nonforfeitable under the plan shall be adopted if a waiver under this subsection or an extension of time under section 431(d) is in effect with respect to the plan, or if a plan amendment described in subsection (d)(2) has been made at any time in the preceding 12 months (24 months in the case of a multiemployer plan). If a plan is amended in violation of the preceding sentence, any such waiver, or extension of time, shall not apply to any plan year ending on or after the date on which such amendment is adopted.

''(B) EXCEPTION.—Subparagraph (A) shall not apply to any plan amendment which—

''(i) the Secretary determines to be reasonable and which provides for only de minimis increases in the liabilities of the plan,

''(ii) only repeals an amendment described in subsection (d)(2), or

''(iii) is required as a condition of qualification under part I of subchapter D, of chapter 1.

''(d) MISCELLANEOUS RULES.—

''(1) CHANGE IN METHOD OR YEAR.—If the funding method, the valuation date, or a plan year for a plan is changed, the change shall take effect only if approved by the Secretary.

''(2) CERTAIN RETROACTIVE PLAN AMENDMENTS.—For purposes of this section, any amendment applying to a plan year which—

''(A) is adopted after the close of such plan year but no later than 2½ months after the close of the plan year (or, in the case of a multiemployer plan, no later than 2 years after the close of such plan year),

''(B) does not reduce the accrued benefit of any participant determined as of the beginning of the first plan year to which the amendment applies, and

''(C) does not reduce the accrued benefit of any participant determined as of the time of adoption except to the extent required by the circumstances,

shall, at the election of the plan administrator, be deemed to have been made on the first day of such plan year. No amendment described in this paragraph which reduces the accrued benefits of any participant shall take effect unless the plan administrator files a notice with the Secretary notifying him of such amendment and the Secretary has approved such amendment, or within 90 days after the date on which such notice was filed, failed to disapprove such amendment. No amendment described in this subsection shall be approved by the Secretary unless the Secretary determines that such amendment is necessary because of a temporary substantial business hardship (as determined under subsection (c)(2)) or a substantial business hardship (as so determined) in the case of a multiemployer plan and that a waiver under subsection (c) (or, in the case of a multiemployer plan, any extension of the amortization period under section 431(d)) is unavailable or inadequate.

''(3) CONTROLLED GROUP.—For purposes of this section, the term 'controlled group' means any group treated as a single employer under subsection (b), (c), (m), or (o) of section 414.

''(e) PLANS TO WHICH SECTION APPLIES.—

''(1) IN GENERAL.—Except as provided in paragraphs (2) and (4), this section applies to a plan if, for any plan year beginning on or after the effective date of this section for such plan under the Employee Retirement Income Security Act of 1974—

''(A) such plan included a trust which qualified (or was determined by the Secretary to have qualified) under section 401(a), or

''(B) such plan satisfied (or was determined by the Secretary to have satisfied) the requirements of section 403(a).

''(2) EXCEPTIONS.—This section shall not apply to—

''(A) any profit-sharing or stock bonus plan,

''(B) any insurance contract plan described in paragraph (3),

''(C) any governmental plan (within the meaning of section 414(d)),

''(D) any church plan (within the meaning of section 414(e)) with respect to which the election provided by section 410(d) has not been made,

''(E) any plan which has not, at any time after September 2, 1974, provided for employer contributions, or

''(F) any plan established and maintained by a society, order, or association described in section 501(c)(8) or (9), if no part of the contributions to or under such plan are made by employers of participants in such plan.

No plan described in subparagraph (C), (D), or (F) shall be treated as a qualified plan for purposes of section 401(a) unless such plan meets the requirements of section 401(a)(7) as in effect on September 1, 1974.

''(3) CERTAIN INSURANCE CONTRACT PLANS.—A plan is described in this paragraph if—

''(A) the plan is funded exclusively by the purchase of individual insurance contracts,

''(B) such contracts provide for level annual premium payments to be paid extending not later than the retirement age for each individual participating in the plan, and commencing with the date the individual became a participant in the plan (or, in the case of an increase in benefits, commencing at the time such increase becomes effective),

''(C) benefits provided by the plan are equal to the benefits provided under each

contract at normal retirement age under the plan and are guaranteed by an insurance carrier (licensed under the laws of a State to do business with the plan) to the extent premiums have been paid,

''(D) premiums payable for the plan year, and all prior plan years, under such contracts have been paid before lapse or there is reinstatement of the policy,

''(E) no rights under such contracts have been subject to a security interest at any time during the plan year, and

''(F) no policy loans are outstanding at any time during the plan year.

A plan funded exclusively by the purchase of group insurance contracts which is determined under regulations prescribed by the Secretary to have the same characteristics as contracts described in the preceding sentence shall be treated as a plan described in this paragraph.

''(4) CERTAIN TERMINATED MULTIEMPLOYER PLANS.—This section applies with respect to a terminated multiemployer plan to which section 4021 of the Employee Retirement Income Security Act of 1974 applies until the last day of the plan year in which the plan terminates (within the meaning of section 4041A(a)(2) of such Act).''.

(b) EFFECTIVE DATE.—The amendments made by this section shall apply to plan years beginning after December 31, 2007.

SEC. 112. FUNDING RULES FOR SINGLE-EMPLOYER DEFINED BENEFIT PENSION PLANS.

(a) IN GENERAL.—Subchapter D of chapter 1 of the Internal Revenue Code of 1986 (relating to deferred compensation, etc.) is amended by adding at the end the following new part:

''PART III—MINIMUM FUNDING STANDARDS FOR SINGLE-EMPLOYER DEFINED BENEFIT PENSION PLANS

''SEC. 430. MINIMUM FUNDING STANDARDS FOR SINGLE-EMPLOYER DEFINED BENEFIT PENSION PLANS.

''(a) MINIMUM REQUIRED CONTRIBUTION.—For purposes of this section and section 412(a)(2)(A), except as provided in subsection (f), the term 'minimum required contribution' means, with respect to any plan year of a defined benefit plan which is not a multiemployer plan—

''(1) in any case in which the value of plan assets of the plan (as reduced under subsection (f)(4)(B)) is less than the funding target of the plan for the plan year, the sum of—

''(A) the target normal cost of the plan for the plan year,

''(B) the shortfall amortization charge (if any) for the plan for the plan year determined under subsection (c), and

''(C) the waiver amortization charge (if any) for the plan for the plan year as determined under subsection (e);

''(2) in any case in which the value of plan assets of the plan (as reduced under subsection (f)(4)(B)) equals or exceeds the funding target of the plan for the plan year, the target normal cost of the plan for the plan year reduced (but not below zero) by such excess.

''(b) TARGET NORMAL COST.—For purposes of this section, except as provided in subsection (i)(2) with respect to plans in at-risk status, the term 'target normal cost' means, for any plan year, the present value of all benefits which are expected to accrue or to be earned under the plan during the plan year. For purposes of this subsection, if any benefit attributable to services performed in a preceding plan year is increased by reason of any increase in compensation during the current plan year, the increase in such benefit shall be treated as having accrued during the current plan year.

''(c) SHORTFALL AMORTIZATION CHARGE.—

''(1) IN GENERAL.—For purposes of this section, the shortfall amortization charge for a plan for any plan year is the aggregate total (not less than zero) of the shortfall amortization installments for such plan year with respect to the shortfall amortization bases for such plan year and each of the 6 preceding plan years.

''(2) SHORTFALL AMORTIZATION INSTALLMENT.—For purposes of paragraph (1)—

''(A) DETERMINATION.—The shortfall amortization installments are the amounts necessary to amortize the shortfall amortization base of the plan for any plan year in level annual installments over the 7-plan-year period beginning with such plan year.

''(B) SHORTFALL INSTALLMENT.—The shortfall amortization installment for any plan year in the 7-plan-year period under subparagraph (A) with respect to any shortfall amortization base is the annual installment determined under subparagraph (A) for that year for that base.

''(C) SEGMENT RATES.—In determining any shortfall amortization installment under this paragraph, the plan sponsor shall use the segment rates determined under subparagraph (C) of subsection (h)(2), applied under rules similar to the rules of subparagraph (B) of subsection (h)(2).

''(3) SHORTFALL AMORTIZATION BASE.—For purposes of this section, the shortfall amortization base of a plan for a plan year is—

''(A) the funding shortfall of such plan for such plan year, minus

''(B) the present value (determined using the segment rates determined under subparagraph (C) of subsection (h)(2), applied under rules similar to the rules of subparagraph (B) of subsection (h)(2)) of the aggregate total of the shortfall amortization installments and waiver amortization installments which have been determined for such plan year and any succeeding plan year with respect to the shortfall amortization bases and waiver amortization bases of the plan for any plan year preceding such plan year.

''(4) FUNDING SHORTFALL.—For purposes of this section, the funding shortfall of a plan for any plan year is the excess (if any) of—

''(A) the funding target of the plan for the plan year, over

''(B) the value of plan assets of the plan (as reduced under subsection (f)(4)(B)) for the plan year which are held by the plan on the valuation date.

''(5) EXEMPTION FROM NEW SHORTFALL AMORTIZATION BASE.—

''(A) IN GENERAL.—In any case in which the value of plan assets of the plan (as reduced under subsection (f)(4)(A)) is equal to or greater than the funding target of the plan for the plan year, the shortfall amortization base of the plan for such plan year shall be zero.

''(B) TRANSITION RULE.—

''(i) IN GENERAL.—Except as provided in clauses (iii) and (iv), in the case of plan years beginning after 2007 and before 2011, only the applicable percentage of the funding target shall be taken into account under paragraph (3)(A) in determining the funding shortfall for the plan year for purposes of subparagraph (A).

''(ii) APPLICABLE PERCENTAGE.—For purposes of subparagraph (A), the applicable percentage shall be determined in accordance with the following table:

''In the case of a plan year beginning in calendar year:	The applicable percentage is
2008	92
2009	94
2010	96.

''(iii) LIMITATION.—Clause (i) shall not apply with respect to any plan year after 2008 unless the shortfall amortization base for each of the preceding years beginning after 2007 was zero (determined after application of this subparagraph).

''(iv) TRANSITION RELIEF NOT AVAILABLE FOR NEW OR DEFICIT REDUCTION PLANS.—Clause (i) shall not apply to a plan—

''(I) which was not in effect for a plan year beginning in 2007, or

''(II) which was in effect for a plan year beginning in 2007 and which was subject to section 412(l) (as in effect for plan years beginning in 2007), determined after the application of paragraphs (6) and (9) thereof.

''(6) EARLY DEEMED AMORTIZATION UPON ATTAINMENT OF FUNDING TARGET.—In any case in which the funding shortfall of a plan for a plan year is zero, for purposes of determining the shortfall amortization charge for such plan year and succeeding plan years, the shortfall amortization bases for all preceding plan years (and all shortfall amortization installments determined with respect to such bases) shall be reduced to zero.

''(d) RULES RELATING TO FUNDING TARGET.—For purposes of this section—

''(1) FUNDING TARGET.—Except as provided in subsection (i)(1) with respect to plans in at-risk status, the funding target of a plan for a plan year is the present value of all benefits accrued or earned under the plan as of the beginning of the plan year.

''(2) FUNDING TARGET ATTAINMENT PERCENTAGE.—The 'funding target attainment percentage' of a plan for a plan year is the ratio (expressed as a percentage) which—

''(A) the value of plan assets for the plan year (as reduced under subsection (f)(4)(B)), bears to

''(B) the funding target of the plan for the plan year (determined without regard to subsection (i)(1)).

''(e) WAIVER AMORTIZATION CHARGE.—

''(1) DETERMINATION OF WAIVER AMORTIZATION CHARGE.—The waiver amortization charge (if any) for a plan for any plan year is the aggregate total of the waiver amortization installments for such plan year with respect to the waiver amortization bases for each of the 5 preceding plan years.

''(2) WAIVER AMORTIZATION INSTALLMENT.—For purposes of paragraph (1)—

''(A) DETERMINATION.—The waiver amortization installments are the amounts necessary to amortize the waiver amortization base of the plan for any plan year in level annual installments over a period of 5 plan years beginning with the succeeding plan year.

''(B) WAIVER INSTALLMENT.—The waiver amortization installment for any plan year in the 5-year period under subparagraph (A) with respect to any waiver amortization base is the annual installment determined under subparagraph (A) for that year for that base.

''(3) INTEREST RATE.—In determining any waiver amortization installment under this subsection, the plan sponsor shall use the segment rates determined under subparagraph (C) of subsection (h)(2), applied under rules similar to the rules of subparagraph (B) of subsection (h)(2).

''(4) WAIVER AMORTIZATION BASE.—The waiver amortization base of a plan for a plan year is the amount of the waived funding deficiency (if any) for such plan year under section 412(c).

''(5) EARLY DEEMED AMORTIZATION UPON ATTAINMENT OF FUNDING TARGET.—In any case in which the funding shortfall of a plan for a plan year is zero, for purposes of determining the waiver amortization charge for such plan year and succeeding plan years, the waiver amortization bases for all preceding plan years (and all waiver amortization installments determined with respect to such bases) shall be reduced to zero.

''(f) REDUCTION OF MINIMUM REQUIRED CONTRIBUTION BY PREFUNDING BALANCE AND FUNDING STANDARD CARRYOVER BALANCE.—

''(1) ELECTION TO MAINTAIN BALANCES.—

''(A) PREFUNDING BALANCE.—The plan sponsor of a defined benefit plan which is not a multiemployer plan may elect to maintain a prefunding balance.

''(B) FUNDING STANDARD CARRYOVER BALANCE.—

''(i) IN GENERAL.—In the case of a defined benefit plan (other than a multiemployer plan) described in clause (ii), the plan sponsor may elect to maintain a funding standard carryover balance, until such balance is reduced to zero.

''(ii) PLANS MAINTAINING FUNDING STANDARD ACCOUNT IN 2007.—A plan is described in this clause if the plan—

''(I) was in effect for a plan year beginning in 2007, and

''(II) had a positive balance in the funding standard account under section 412(b) as in effect for such plan year and determined as of the end of such plan year.

''(2) APPLICATION OF BALANCES.—A prefunding balance and a funding standard carryover balance maintained pursuant to this paragraph—

''(A) shall be available for crediting against the minimum required contribution, pursuant to an election under paragraph (3),

''(B) shall be applied as a reduction in the amount treated as the value of plan assets for purposes of this section, to the extent provided in paragraph (4), and

''(C) may be reduced at any time, pursuant to an election under paragraph (5).

''(3) ELECTION TO APPLY BALANCES AGAINST MINIMUM REQUIRED CONTRIBUTION.—

''(A) IN GENERAL.—Except as provided in subparagraphs (B) and (C), in the case of any plan year in which the plan sponsor elects to credit against the minimum required contribution for the current plan year all or a portion of the prefunding balance or the funding standard carryover balance for the current plan year (not in excess of such minimum required contribution), the minimum required contribution for the plan year shall be reduced as of the first day of the plan year by the amount so credited by the plan sponsor as of the first day of the plan year. For purposes of the preceding sentence, the minimum required contribution shall be determined after taking into account any waiver under section 412(c).

''(B) COORDINATION WITH FUNDING STANDARD CARRYOVER BALANCE.—To the extent that any plan has a funding standard carryover balance greater than zero, no amount of the prefunding balance of such plan may be credited under this paragraph in reducing the minimum required contribution.

''(C) LIMITATION FOR UNDERFUNDED PLANS.—The preceding provisions of this paragraph shall not apply for any plan year if the ratio (expressed as a percentage) which—

''(i) the value of plan assets for the preceding plan year (as reduced under paragraph (4)(C)), bears to

''(ii) the funding target of the plan for the preceding plan year (determined without regard to subsection (i)(1)),

is less than 80 percent. In the case of plan years beginning in 2008, the ratio under this subparagraph may be determined using such methods of estimation as the Secretary may prescribe.

''(4) EFFECT OF BALANCES ON AMOUNTS TREATED AS VALUE OF PLAN ASSETS.—In the case of any plan maintaining a prefunding balance or a funding standard carryover balance pursuant to this subsection, the amount treated as the value of plan assets shall be deemed to be such amount, reduced as provided in the following subparagraphs:

''(A) APPLICABILITY OF SHORTFALL AMORTIZATION BASE.—For purposes of subsection (c)(5), the value of plan assets is deemed to be such amount, reduced by the amount of the prefunding balance, but only if an election under paragraph (2) applying any portion of the prefunding balance in reducing the minimum required contribution is in effect for the plan year.

''(B) DETERMINATION OF EXCESS ASSETS, FUNDING SHORTFALL, AND FUNDING TARGET ATTAINMENT PERCENTAGE.—

''(i) IN GENERAL.—For purposes of subsections (a), (c)(4)(B), and (d)(2)(A), the value of plan assets is deemed to be such amount, reduced by the amount of the prefunding balance and the funding standard carryover balance.

''(ii) SPECIAL RULE FOR CERTAIN BINDING AGREEMENTS WITH PBGC.—For purposes of subsection (c)(4)(B), the value of plan assets shall not be deemed to be reduced for a plan year by the amount of the specified balance if, with respect to such balance, there is in effect for a plan year a binding written agreement with the Pension Benefit Guaranty Corporation which provides that such balance is not available to reduce the minimum required contribution for the plan year. For purposes of the preceding sentence, the term 'specified balance' means the prefunding balance or the funding standard carryover balance, as the case may be.

''(C) AVAILABILITY OF BALANCES IN PLAN YEAR FOR CREDITING AGAINST MINIMUM REQUIRED CONTRIBUTION.—For purposes of paragraph (3)(C)(i) of this subsection, the value of plan assets is deemed to be such amount, reduced by the amount of the prefunding balance.

''(5) ELECTION TO REDUCE BALANCE PRIOR TO DETERMINATIONS OF VALUE OF PLAN ASSETS AND CREDITING AGAINST MINIMUM REQUIRED CONTRIBUTION.—

''(A) IN GENERAL.—The plan sponsor may elect to reduce by any amount the balance of the prefunding balance and the funding standard carryover balance for any plan year (but not below zero). Such reduction shall be effective prior to any determination of the value of plan assets for such plan year under this section and application of the balance in reducing the minimum required contribution for such plan for such plan year pursuant to an election under paragraph (2).

''(B) COORDINATION BETWEEN PREFUNDING BALANCE AND FUNDING STANDARD CARRYOVER BALANCE.—To the extent that any plan has a funding standard carryover balance greater than zero, no election may be made under subparagraph (A) with respect to the prefunding balance.

''(6) PREFUNDING BALANCE.—

''(A) IN GENERAL.—A prefunding balance maintained by a plan shall consist of a beginning balance of zero, increased and decreased to the extent provided in subparagraphs (B) and (C), and adjusted further as provided in paragraph (8).

''(B) INCREASES.—

''(i) IN GENERAL.—As of the first day of each plan year beginning after 2008, the prefunding balance of a plan shall be increased by the amount elected by the plan sponsor for the plan year. Such amount shall not exceed the excess (if any) of—

''(I) the aggregate total of employer contributions to the plan for the preceding plan year, over—

''(II) the minimum required contribution for such preceding plan year.

''(ii) ADJUSTMENTS FOR INTEREST.—Any excess contributions under clause (i) shall be properly adjusted for interest accruing for the periods between the first day of the current plan year and the dates on which the excess contributions were made, determined by using the effective interest rate for the preceding plan year and by treating contributions as being first used to satisfy the minimum required contribution.

''(iii) CERTAIN CONTRIBUTIONS NECESSARY TO AVOID BENEFIT LIMITATIONS DISREGARDED.—The excess described in clause (i) with respect to any preceding plan year shall be reduced (but not below zero) by the amount of contributions an employer would be required to make under paragraph (1), (2), or (4) of section 206(g) to avoid a benefit limitation which would otherwise be imposed under such paragraph for the preceding plan year. Any contribution which may be taken into account in satisfying the requirements of more than 1 of such paragraphs shall be taken into account only once for purposes of this clause.

''(C) DECREASES.—The prefunding balance of a plan shall be decreased (but not below zero) by the sum of—

''(i) as of the first day of each plan year after 2008, the amount of such balance credited under paragraph (2) (if any) in reducing the minimum required contribution of the plan for the preceding plan year, and

''(ii) as of the time specified in paragraph (5))(A), any reduction in such balance elected under paragraph (5).

''(7) FUNDING STANDARD CARRYOVER BALANCE.—

''(A) IN GENERAL.—A funding standard carryover balance maintained by a plan shall consist of a beginning balance determined under subparagraph (B), decreased to the extent provided in subparagraph (C), and adjusted further as provided in paragraph (8).

''(B) BEGINNING BALANCE.—The beginning balance of the funding standard carryover balance shall be the positive balance described in paragraph (1)(B)(ii)(II).

''(C) DECREASES.—The funding standard carryover balance of a plan shall be decreased (but not below zero) by—

''(i) as of the first day of each plan year after 2008, the amount of such balance credited under paragraph (2) (if any) in reducing the minimum required contribution of the plan for the preceding plan year, and

''(ii) as of the time specified in paragraph (5))(A), any reduction in such balance elected under paragraph (5).

''(8) ADJUSTMENTS FOR INVESTMENT EXPERIENCE.—In determining the prefunding balance or the funding standard carryover balance of a plan as of the first day of the plan year, the plan sponsor shall, in accordance with regulations prescribed by the Secretary of the Treasury, adjust such balance to reflect the rate of return on plan assets for the preceding plan year. Notwithstanding subsection (g)(3), such rate of return shall be determined on the basis of fair market value and shall properly take into account, in accordance with such regulations, all contributions, distributions, and other plan payments made during such period.

''(9) ELECTIONS.—Elections under this subsection shall be made at such times, and in such form and manner, as shall be prescribed in regulations of the Secretary.

''(g) VALUATION OF PLAN ASSETS AND LIABILITIES.—

''(1) TIMING OF DETERMINATIONS.—Except as otherwise provided under this subsection, all determinations under this section for a plan year shall be made as of the valuation date of the plan for such plan year.

''(2) VALUATION DATE.—For purposes of this section—

''(A) IN GENERAL.—Except as provided in subparagraph (B), the valuation date of a plan for any plan year shall be the first day of the plan year.

''(B) EXCEPTION FOR SMALL PLANS.—If, on each day during the preceding plan year, a plan had 100 or fewer participants, the plan may designate any day during the plan year

as its valuation date for such plan year and succeeding plan years. For purposes of this subparagraph, all defined benefit plans (other than multiemployer plans) maintained by the same employer (or any member of such employer's controlled group) shall be treated as 1 plan, but only participants with respect to such employer or member shall be taken into account.

''(C) APPLICATION OF CERTAIN RULES IN DETERMINATION OF PLAN SIZE.—For purposes of this paragraph—

''(i) PLANS NOT IN EXISTENCE IN PRECEDING YEAR.—In the case of the first plan year of any plan, subparagraph (B) shall apply to such plan by taking into account the number of participants that the plan is reasonably expected to have on days during such first plan year.

''(ii) PREDECESSORS.—Any reference in subparagraph (B) to an employer shall include a reference to any predecessor of such employer.

''(3) DETERMINATION OF VALUE OF PLAN ASSETS.—For purposes of this section—

''(A) IN GENERAL.—Except as provided in subparagraph (B), the value of plan assets shall be the fair market value of the assets.

''(B) AVERAGING ALLOWED.—A plan may determine the value of plan assets on the basis of the averaging of fair market values, but only if such method—

''(i) is permitted under regulations prescribed by the Secretary,

''(ii) does not provide for averaging of such values over more than the period beginning on the last day of the 25th month preceding the month in which the valuation date occurs and ending on the valuation date (or a similar period in the case of a valuation date which is not the 1st day of a month), and

''(iii) does not result in a determination of the value of plan assets which, at any time, is lower than 90 percent or greater than 110 percent of the fair market value of such assets at such time.

Any such averaging shall be adjusted for contributions and distributions (as provided by the Secretary).

''(4) ACCOUNTING FOR CONTRIBUTION RECEIPTS.—For purposes of determining the value of assets under paragraph (3)—

''(A) PRIOR YEAR CONTRIBUTIONS.—If—

''(i) an employer makes any contribution to the plan after the valuation date for the plan year in which the contribution is made, and

''(ii) the contribution is for a preceding plan year,

the contribution shall be taken into account as an asset of the plan as of the valuation date, except that in the case of any plan year beginning after 2008, only the present value (determined as of the valuation date) of such contribution may be taken into account. For purposes of the preceding sentence, present value shall be determined using the effective interest rate for the preceding plan year to which the contribution is properly allocable.

''(B) SPECIAL RULE FOR CURRENT YEAR CONTRIBUTIONS MADE BEFORE VALUATION DATE.—If any contributions for any plan year are made to or under the plan during the plan year but before the valuation date for the plan year, the assets of the plan as of the valuation date shall not include—

''(i) such contributions, and

''(ii) interest on such contributions for the period between the date of the contributions and the valuation date, determined by using the effective interest rate for the plan year.

''(h) ACTUARIAL ASSUMPTIONS AND METHODS.—

''(1) IN GENERAL.—Subject to this subsection, the determination of any present value or other computation under this section shall be made on the basis of actuarial assumptions and methods—

''(A) each of which is reasonable (taking into account the experience of the plan and reasonable expectations), and

''(B) which, in combination, offer the actuary's best estimate of anticipated experience under the plan.

''(2) INTEREST RATES.—

''(A) EFFECTIVE INTEREST RATE.—For purposes of this section, the term 'effective interest rate' means, with respect to any plan for any plan year, the single rate of interest which, if used to determine the present value of the plan's accrued or earned benefits referred to in subsection (d)(1), would result in an amount equal to the funding target of the plan for such plan year.

''(B) INTEREST RATES FOR DETERMINING FUNDING TARGET.—For purposes of determining the funding target of a plan for any plan year, the interest rate used in determining the present value of the liabilities of the plan shall be—

''(i) in the case of benefits reasonably determined to be payable during the 5-year period beginning on the first day of the plan year, the first segment rate with respect to the applicable month,

''(ii) in the case of benefits reasonably determined to be payable during the 15-year period beginning at the end of the period described in clause (i), the second segment rate with respect to the applicable month, and

''(iii) in the case of benefits reasonably determined to be payable after the period described in clause (ii), the third segment rate with respect to the applicable month.

''(C) SEGMENT RATES.—For purposes of this paragraph—

''(i) FIRST SEGMENT RATE.—The term 'first segment rate' means, with respect to any month, the single rate of interest which shall be determined by the Secretary for such month on the basis of the corporate bond yield curve for such month, taking into account only that portion of such yield curve which is based on bonds maturing during the 5-year period commencing with such month.

''(ii) SECOND SEGMENT RATE.—The term 'second segment rate' means, with respect to any month, the single rate of interest which shall be determined by the Secretary for such month on the basis of the corporate bond yield curve for such month, taking into account only that portion of such yield curve which is based on bonds maturing during the 15-year period beginning at the end of the period described in clause (i).

''(iii) THIRD SEGMENT RATE.—The term 'third segment rate' means, with respect to any month, the single rate of interest which shall be determined by the Secretary for such month on the basis of the corporate bond yield curve for such month, taking into account only that portion of such yield curve which is based on bonds maturing during periods beginning after the period described in clause (ii).

''(D) CORPORATE BOND YIELD CURVE.—For purposes of this paragraph—

''(i) IN GENERAL.—The term 'corporate bond yield curve' means, with respect to any month, a yield curve which is prescribed by the Secretary for such month and which reflects the average, for the 24-month period ending with the month preceding such month, of monthly yields on investment grade corporate bonds with varying maturities and that are in the top 3 quality levels available.

''(ii) ELECTION TO USE YIELD CURVE.—Solely for purposes of determining the minimum required contribution under this section, the plan sponsor may, in lieu of the segment rates determined under subparagraph (C), elect to use interest rates under the corporate bond yield curve. For purposes of the preceding sentence such curve shall be determined without regard to the 24-month averaging described in clause (i) . Such election, once made, may be revoked only with the consent of the Secretary.

''(E) APPLICABLE MONTH.—For purposes of this paragraph, the term 'applicable month' means, with respect to any plan for any plan year, the month which includes the valuation date of such plan for such plan year or, at the election of the plan sponsor, any of the 4 months which precede such month. Any election made under this subparagraph shall apply to the plan year for which the election is made and all succeeding plan years, unless the election is revoked with the consent of the Secretary.

''(F) PUBLICATION REQUIREMENTS.—The Secretary shall publish for each month the corporate bond yield curve (and the corporate bond yield curve reflecting the modification described in section 417(e)(3)(D)(i) for such month and each of the rates determined under subparagraph (B) for such month. The Secretary shall also publish a description of the methodology used to determine such yield curve and such rates which is sufficiently detailed to enable plans to make reasonable projections regarding the yield curve and such rates for future months based on the plan's projection of future interest rates.

''(G) TRANSITION RULE.—

''(i) IN GENERAL.—Notwithstanding the preceding provisions of this paragraph, for plan years beginning in 2008 or 2009, the first, second, or third segment rate for a plan with respect to any month shall be equal to the sum of—

''(I) the product of such rate for such month determined without regard to this subparagraph, multiplied by the applicable percentage, and

''(II) the product of the rate determined under the rules of section 412(b)(5)(B)(ii)(II) (as in effect for plan years beginning in 2007), multiplied by a percentage equal to 100 percent minus the applicable percentage.

''(ii) APPLICABLE PERCENTAGE.—For purposes of clause (i), the applicable percentage is 33⅓ percent for plan years beginning in 2008 and 66⅔ percent for plan years beginning in 2009.

''(iii) NEW PLANS INELIGIBLE.—Clause (i) shall not apply to any plan if the first plan year of the plan begins after December 31, 2007.

''(iv) ELECTION.—The plan sponsor may elect not to have this subparagraph apply. Such election, once made, may be revoked only with the consent of the Secretary.

''(3) MORTALITY TABLES.—

''(A) IN GENERAL.—Except as provided in subparagraph (C) or (D), the Secretary shall by regulation prescribe mortality tables to be used in determining any present value or making any computation under this section. Such tables shall be based on the actual experience of pension plans and projected trends in such experience. In prescribing such tables, the Secretary shall take into account results of available independent studies of mortality of individuals covered by pension plans.

''(B) PERIODIC REVISION.—The Secretary shall (at least every 10 years) make revisions in any table in effect under subparagraph (A) to reflect the actual experience of pension plans and projected trends in such experience.

''(C) SUBSTITUTE MORTALITY TABLE.—

''(i) IN GENERAL.—Upon request by the plan sponsor and approval by the Secretary, a mortality table which meets the requirements of clause (iii) shall be used in determining any present value or making any computation under this section during the period of consecutive plan years (not to exceed 10) specified in the request.

''(ii) EARLY TERMINATION OF PERIOD.—Notwithstanding clause (i), a mortality table described in clause (i) shall cease to be in effect as of the earliest of—

''(I) the date on which there is a significant change in the participants in the plan by reason of a plan spinoff or merger or otherwise, or

''(II) the date on which the plan actuary determines that such table does not meet the requirements of clause (iii).

''(iii) REQUIREMENTS.—A mortality table meets the requirements of this clause if—

''(I) there is a sufficient number of plan participants, and the pension plans have been maintained for a sufficient period of time, to have credible information necessary for purposes of subclause (II), and

''(II) such table reflects the actual experience of the pension plans maintained by the sponsor and projected trends in general mortality experience.

''(iv) ALL PLANS IN CONTROLLED GROUP MUST USE SEPARATE TABLE.—Except as provided by the Secretary, a plan sponsor may not use a mortality table under this subparagraph for any plan maintained by the plan sponsor unless—

''(I) a separate mortality table is established and used under this subparagraph for each other plan maintained by the plan sponsor and if the plan sponsor is a member of a controlled group, each member of the controlled group, and

''(II) the requirements of clause (iii) are met separately with respect to the table so established for each such plan, determined by only taking into account the participants of such plan, the time such plan has been in existence, and the actual experience of such plan.

''(v) DEADLINE FOR SUBMISSION AND DISPOSITION OF APPLICATION.—

''(I) SUBMISSION.—The plan sponsor shall submit a mortality table to the Secretary for approval under this subparagraph at least 7 months before the 1st day of the period described in clause (i).

''(II) DISPOSITION.—Any mortality table submitted to the Secretary for approval under this subparagraph shall be treated as in effect as of the 1st day of the period described in clause (i) unless the Secretary, during the 180-day period beginning on the date of such submission, disapproves of such table and provides the reasons that such table fails to meet the requirements of clause (iii). The 180-day period shall be extended upon mutual agreement of the Secretary and the plan sponsor.

''(D) SEPARATE MORTALITY TABLES FOR THE DISABLED.—Notwithstanding subparagraph (A)—

''(i) IN GENERAL.—The Secretary shall establish mortality tables which may be used (in lieu of the tables under subparagraph (A)) under this subsection for individuals who are entitled to benefits under the plan on account of disability. The Secretary shall establish separate tables for individuals whose disabilities occur in plan years beginning before January 1, 1995, and for individuals whose disabilities occur in plan years beginning on or after such date.

''(ii) SPECIAL RULE FOR DISABILITIES OCCURRING AFTER 1994.—In the case of disabilities occurring in plan years beginning after December 31, 1994, the tables under clause (i) shall apply only with respect to individuals described in such subclause who are disabled within the meaning of title II of the Social Security Act and the regulations thereunder.

''(iii) PERIODIC REVISION.—The Secretary shall (at least every 10 years) make revisions in any table in effect under clause (i) to reflect the actual experience of pension plans and projected trends in such experience.

''(4) PROBABILITY OF BENEFIT PAYMENTS IN THE FORM OF LUMP SUMS OR OTHER OPTIONAL FORMS.—For purposes of determining any present value or making any computation under this section, there shall be taken into account—

''(A) the probability that future benefit payments under the plan will be made in the form of optional forms of benefits provided under the plan (including lump sum distributions, determined on the basis of the plan's experience and other related assumptions), and

''(B) any difference in the present value of such future benefit payments resulting from the use of actuarial assumptions, in determining benefit payments in any such optional form of benefits, which are different from those specified in this subsection.

''(5) APPROVAL OF LARGE CHANGES IN ACTUARIAL ASSUMPTIONS.—

''(A) IN GENERAL.—No actuarial assumption used to determine the funding target for a plan to which this paragraph applies may be changed without the approval of the Secretary.

''(B) PLANS TO WHICH PARAGRAPH APPLIES.—This paragraph shall apply to a plan only if—

''(i) the plan is a defined benefit plan (other than a multiemployer plan) to which title IV of the Employee Retirement Income Security Act of 1974 applies,

''(ii) the aggregate unfunded vested benefits as of the close of the preceding plan year (as determined under section 4006(a)(3)(E)(iii) of the Employee Retirement Income Security Act of 1974) of such plan and all other plans maintained by the contributing sponsors (as defined in section 4001(a)(13) of such Act) and members of such sponsors' controlled groups (as defined in section 4001(a)(14) of such Act) which are covered by title IV (disregarding plans with no unfunded vested benefits) exceed $50,000,000, and

''(iii) the change in assumptions (determined after taking into account any changes in interest rate and mortality table) results in a decrease in the funding shortfall of the plan for the current plan year that exceeds $50,000,000, or that exceeds $5,000,000 and that is 5 percent or more of the funding target of the plan before such change.

''(i) SPECIAL RULES FOR AT-RISK PLANS.—

''(1) FUNDING TARGET FOR PLANS IN AT-RISK STATUS.—

''(A) IN GENERAL.—In the case of a plan which is in at-risk status for a plan year, the funding target of the plan for the plan year shall be equal to the sum of—

''(i) the present value of all benefits accrued or earned under the plan as of the beginning of the plan year, as determined by using the additional actuarial assumptions described in subparagraph (B), and

''(ii) in the case of a plan which also has been in at-risk status for at least 2 of the 4 preceding plan years, a loading factor determined under subparagraph (C).

''(B) ADDITIONAL ACTUARIAL ASSUMPTIONS.—The actuarial assumptions described in this subparagraph are as follows:

''(i) All employees who are not otherwise assumed to retire as of the valuation date but who will be eligible to elect benefits during the plan year and the 10 succeeding plan years shall be assumed to retire at the earliest retirement date under the plan but not before the end of the plan year for which the at-risk funding target and at-risk target normal cost are being determined.

''(ii) All employees shall be assumed to elect the retirement benefit available under the plan at the assumed retirement age (determined after application of clause (i)) which would result in the highest present value of benefits.

''(C) LOADING FACTOR.—The loading factor applied with respect to a plan under this paragraph for any plan year is the sum of—

''(i) $700, times the number of participants in the plan, plus

''(ii) 4 percent of the funding target (determined without regard to this paragraph) of the plan for the plan year.

''(2) TARGET NORMAL COST OF AT-RISK PLANS.—In the case of a plan which is in at-risk status for a plan year, the target normal cost of the plan for such plan year shall be equal to the sum of—

''(A) the present value of all benefits which are expected to accrue or be earned under the plan during the plan year, determined using the additional actuarial assumptions described in paragraph (1)(B), plus

''(B) in the case of a plan which also has been in at-risk status for at least 2 of the 4 preceding plan years, a loading factor equal to 4 percent of the target normal cost (determined without regard to this paragraph) of the plan for the plan year.

''(3) MINIMUM AMOUNT.—In no event shall—

''(A) the at-risk funding target be less than the funding target, as determined without regard to this subsection, or

''(B) the at-risk target normal cost be less than the target normal cost, as determined without regard to this subsection.

''(4) DETERMINATION OF AT-RISK STATUS.—For purposes of this subsection—

''(A) IN GENERAL.—A plan is in at-risk status for a plan year if—

''(i) the funding target attainment percentage for the preceding plan year (determined under this section without regard to this subsection) is less than 80 percent, and

''(ii) the funding target attainment percentage for the preceding plan year (determined under this section by using the additional actuarial assumptions described in paragraph (1)(B) in computing the funding target) is less than 70 percent.

''(B) TRANSITION RULE.—In the case of plan years beginning in 2008, 2009, and 2010, subparagraph (A)(i) shall be applied by substituting the following percentages for '80 percent':

''(i) 65 percent in the case of 2008.

''(ii) 70 percent in the case of 2009.

''(iii) 75 percent in the case of 2010.

In the case of plan years beginning in 2008, the funding target attainment percentage for the preceding plan year under subparagraph (A)(ii) may be determined using such methods of estimation as the Secretary may provide.

''(C) SPECIAL RULE FOR EMPLOYEES OFFERED EARLY RETIREMENT IN 2006.—

''(i) IN GENERAL.—For purposes of subparagraph (A)(ii), the additional actuarial assumptions described in paragraph (1)(B) shall not be taken into account with respect to any employee if—

''(I) such employee is employed by a specified automobile manufacturer,

''(II) such employee is offered a substantial amount of additional cash compensation, substantially enhanced retirement benefits under the plan, or materially reduced employment duties on the condition that by a specified date (not later than December 31, 2010) the employee retires (as defined under the terms of the plan),

''(III) such offer is made during 2006 and pursuant to a bona fide retirement incentive program and requires, by the terms of the offer, that such offer can be accepted not later than a specified date (not later than December 31, 2006), and

''(IV) such employee does not elect to accept such offer before the specified date on which the offer expires.

''(ii) SPECIFIED AUTOMOBILE MANUFACTURER.—For purposes of clause (i), the term 'specified automobile manufacturer' means—

''(I) any manufacturer of automobiles, and

''(II) any manufacturer of automobile parts which supplies such parts directly to a manufacturer of automobiles and which, after a transaction or series of transactions ending in 1999, ceased to be a member of a controlled group which included such manufacturer of automobiles.

''(5) TRANSITION BETWEEN APPLICABLE FUNDING TARGETS AND BETWEEN APPLICABLE TARGET NORMAL COSTS.—

''(A) IN GENERAL.—In any case in which a plan which is in at-risk status for a plan year has been in such status for a consecutive period of fewer than 5 plan years, the applicable amount of the funding target and of the target normal cost shall be, in lieu of the amount determined without regard to this paragraph, the sum of—

''(i) the amount determined under this section without regard to this subsection, plus

''(ii) the transition percentage for such plan year of the excess of the amount determined under this subsection (without regard to this paragraph) over the amount determined under this section without regard to this subsection.

''(B) TRANSITION PERCENTAGE.—For purposes of subparagraph (A), the transition percentage shall be determined in accordance with the following table:

''

''If the consecutive number of years (including the plan year) the plan is in at-risk status is—	The transition percentage is—
1	20
2	40
3	60
4	80.

''(C) YEARS BEFORE EFFECTIVE DATE.—For purposes of this paragraph, plan years beginning before 2008 shall not be taken into account.

''(6) SMALL PLAN EXCEPTION.—If, on each day during the preceding plan year, a plan had 500 or fewer participants, the plan shall not be treated as in at-risk status for the plan year. For purposes of this paragraph, all defined benefit plans (other than multiemployer plans) maintained by the same employer (or any member of such employer's controlled group) shall be treated as 1 plan, but only participants with respect to such employer or member shall be taken into account and the rules of subsection (g)(2)(C) shall apply.

''(j) PAYMENT OF MINIMUM REQUIRED CONTRIBUTIONS.—

''(1) IN GENERAL.—For purposes of this section, the due date for any payment of any minimum required contribution for any plan year shall be 8½ months after the close of the plan year.

''(2) INTEREST.—Any payment required under paragraph (1) for a plan year that is made on a date other than the valuation date for such plan year shall be adjusted for interest accruing for the period between the valuation date and the payment date, at the effective rate of interest for the plan for such plan year.

''(3) ACCELERATED QUARTERLY CONTRIBUTION SCHEDULE FOR UNDERFUNDED PLANS.—

''(A) FAILURE TO TIMELY MAKE REQUIRED INSTALLMENT.—In any case in which the plan has a funding shortfall for the preceding plan year, the employer maintaining the plan shall make the required installments under this paragraph and if the employer fails to pay the full amount of a required installment for the plan year, then the amount of interest charged under paragraph (2) on the underpayment for the period of underpayment shall be determined by using a rate of interest equal to the rate otherwise used under paragraph (2) plus 5 percentage points.

''(B) AMOUNT OF UNDERPAYMENT, PERIOD OF UNDERPAYMENT.—For purposes of subparagraph (A)—

''(i) AMOUNT.—The amount of the underpayment shall be the excess of—

''(I) the required installment, over

''(II) the amount (if any) of the installment contributed to or under the plan on or before the due date for the installment.

''(ii) PERIOD OF UNDERPAYMENT.—The period for which any interest is charged under this paragraph with respect to any portion of the underpayment shall run from the due date for the installment to the date on which such portion is contributed to or under the plan.

''(iii) ORDER OF CREDITING CONTRIBUTIONS.—For purposes of clause (i)(II), contributions shall be credited against unpaid required installments in the order in which such installments are required to be paid.

''(C) NUMBER OF REQUIRED INSTALLMENTS; DUE DATES.—For purposes of this paragraph—

''(i) PAYABLE IN 4 INSTALLMENTS.—There shall be 4 required installments for each plan year.

''(ii) TIME FOR PAYMENT OF INSTALLMENTS.—The due dates for required installments are set forth in the following table:

In the case of the following required installment:	The due date is:
1st	April 15
2nd	July 15
3rd	October 15
4th	January 15 of the following year.

''(D) AMOUNT OF REQUIRED INSTALLMENT.—For purposes of this paragraph—

''(i) IN GENERAL.—The amount of any required installment shall be 25 percent of the required annual payment.

''(ii) REQUIRED ANNUAL PAYMENT.—For purposes of clause (i), the term 'required annual payment' means the lesser of—

''(I) 90 percent of the minimum required contribution (determined without regard to this subsection) to the plan for the plan year under this section, or

''(II) 100 percent of the minimum required contribution (determined without regard to this subsection or to any waiver under section 302(c)) to the plan for the preceding plan year.

Subclause (II) shall not apply if the preceding plan year referred to in such clause was not a year of 12 months.

''(E) FISCAL YEARS AND SHORT YEARS.—

''(i) FISCAL YEARS.—In applying this paragraph to a plan year beginning on any date other than January 1, there shall be substituted for the months specified in this paragraph, the months which correspond thereto.

''(ii) SHORT PLAN YEAR.—This subparagraph shall be applied to plan years of less than 12 months in accordance with regulations prescribed by the Secretary.

''(4) LIQUIDITY REQUIREMENT IN CONNECTION WITH QUARTERLY CONTRIBUTIONS.—

''(A) IN GENERAL.—A plan to which this paragraph applies shall be treated as failing to pay the full amount of any required installment under paragraph (3) to the extent that the value of the liquid assets paid in such installment is less than the liquidity shortfall (whether or not such liquidity shortfall exceeds the amount of such installment required to be paid but for this paragraph).

''(B) PLANS TO WHICH PARAGRAPH APPLIES.—This paragraph shall apply to a plan (other than a plan described in subsection (g)(2)(B)) which—

''(i) is required to pay installments under paragraph (3) for a plan year, and

''(ii) has a liquidity shortfall for any quarter during such plan year.

''(C) PERIOD OF UNDERPAYMENT.—For purposes of paragraph (3)(A), any portion of an installment that is treated as not paid under subparagraph (A) shall continue to be treated as unpaid until the close of the quarter in which the due date for such installment occurs.

''(D) LIMITATION ON INCREASE.—If the amount of any required installment is increased by reason of subparagraph (A), in no event shall such increase exceed the amount which, when added to prior installments for the plan year, is necessary to increase the funding target attainment percentage of the plan for the plan year (taking into account the expected increase in funding target due to benefits accruing or earned during the plan year) to 100 percent.

''(E) DEFINITIONS.—For purposes of this paragraph—

''(i) LIQUIDITY SHORTFALL.—The term 'liquidity shortfall' means, with respect to any required installment, an amount equal to the excess (as of the last day of the quarter for which such installment is made) of—

''(I) the base amount with respect to such quarter, over

''(II) the value (as of such last day) of the plan's liquid assets.

''(ii) BASE AMOUNT.—

''(I) IN GENERAL.—The term 'base amount' means, with respect to any quarter, an amount equal to 3 times the sum of the adjusted disbursements from the plan for the 12 months ending on the last day of such quarter.

''(II) SPECIAL RULE.—If the amount determined under subclause (I) exceeds an amount equal to 2 times the sum of the adjusted disbursements from the plan for the 36 months ending on the last day of the quarter and an enrolled actuary certifies to the satisfaction of the Secretary that such excess is the result of nonrecurring circumstances, the base amount with respect to such quarter shall be determined without regard to amounts related to those nonrecurring circumstances.

''(iii) DISBURSEMENTS FROM THE PLAN.—The term 'disbursements from the plan' means all disbursements from the trust, including purchases of annuities, payments of single sums and other benefits, and administrative expenses.

''(iv) ADJUSTED DISBURSEMENTS.—The term 'adjusted disbursements' means disbursements from the plan reduced by the product of—

''(I) the plan's funding target attainment percentage for the plan year, and

''(II) the sum of the purchases of annuities, payments of single sums, and such other disbursements as the Secretary shall provide in regulations.

''(v) LIQUID ASSETS.—The term 'liquid assets' means cash, marketable securities, and such other assets as specified by the Secretary in regulations.

''(vi) QUARTER.—The term 'quarter' means, with respect to any required installment, the 3-month period preceding the month in which the due date for such installment occurs.

''(F) REGULATIONS.—The Secretary may prescribe such regulations as are necessary to carry out this paragraph.

''(k) IMPOSITION OF LIEN WHERE FAILURE TO MAKE REQUIRED CONTRIBUTIONS.—

''(1) IN GENERAL.—In the case of a plan to which this subsection applies, if—

''(A) any person fails to make a contribution payment required by section 412 and this section before the due date for such payment, and

''(B) the unpaid balance of such payment (including interest), when added to the aggregate unpaid balance of all preceding such payments for which payment was not made

before the due date (including interest), exceeds $1,000,000,

then there shall be a lien in favor of the plan in the amount determined under paragraph (3) upon all property and rights to property, whether real or personal, belonging to such person and any other person who is a member of the same controlled group of which such person is a member.

''(2) PLANS TO WHICH SUBSECTION APPLIES.—This subsection shall apply to a defined benefit plan (other than a multiemployer plan) covered under section 4021 of the Employee Retirement Income Security Act of 1974 for any plan year for which the funding target attainment percentage (as defined in subsection (d)(2)) of such plan is less than 100 percent.

''(3) AMOUNT OF LIEN.—For purposes of paragraph (1), the amount of the lien shall be equal to the aggregate unpaid balance of contribution payments required under this section and section 412 for which payment has not been made before the due date.

''(4) NOTICE OF FAILURE; LIEN.—

''(A) NOTICE OF FAILURE.—A person committing a failure described in paragraph (1) shall notify the Pension Benefit Guaranty Corporation of such failure within 10 days of the due date for the required contribution payment.

''(B) PERIOD OF LIEN.—The lien imposed by paragraph (1) shall arise on the due date for the required contribution payment and shall continue until the last day of the first plan year in which the plan ceases to be described in paragraph (1)(B). Such lien shall continue to run without regard to whether such plan continues to be described in paragraph (2) during the period referred to in the preceding sentence.

''(C) CERTAIN RULES TO APPLY.—Any amount with respect to which a lien is imposed under paragraph (1) shall be treated as taxes due and owing the United States and rules similar to the rules of subsections (c), (d), and (e) of section 4068 of the Employee Retirement Income Security Act of 1974 shall apply with respect to a lien imposed by subsection (a) and the amount with respect to such lien.

''(5) ENFORCEMENT.—Any lien created under paragraph (1) may be perfected and enforced only by the Pension Benefit Guaranty Corporation, or at the direction of the Pension Benefit Guaranty Corporation, by the contributing sponsor (or any member of the controlled group of the contributing sponsor).

''(6) DEFINITIONS.—For purposes of this subsection—

''(A) CONTRIBUTION PAYMENT.—The term 'contribution payment' means, in connection with a plan, a contribution payment required to be made to the plan, including any required installment under paragraphs (3) and (4) of subsection (j).

''(B) DUE DATE; REQUIRED INSTALLMENT.—The terms 'due date' and 'required installment' have the meanings given such terms by subsection (j), except that in the case of a payment other than a required installment, the due date shall be the date such payment is required to be made under section 430.

''(C) CONTROLLED GROUP.—The term 'controlled group' means any group treated as a single employer under subsections (b), (c), (m), and (o) of section 414.

''(l) QUALIFIED TRANSFERS TO HEALTH BENEFIT ACCOUNTS.—In the case of a qualified transfer (as defined in section 420), any assets so transferred shall not, for purposes of this section, be treated as assets in the plan.''.

(b) EFFECTIVE DATE.—The amendments made by this section shall apply with respect to plan years beginning after December 31, 2007.

SEC. 113. BENEFIT LIMITATIONS UNDER SINGLE-EMPLOYER PLANS.

(a) PROHIBITION OF SHUTDOWN BENEFITS AND OTHER UNPREDICTABLE CONTINGENT EVENT BENEFITS UNDER SINGLE-EMPLOYER PLANS.—

(1) IN GENERAL.—Part III of subchapter D of chapter 1 of the Internal Revenue Code of 1986 (relating to deferred compensation, etc.) is amended—

(A) by striking the heading and inserting the following:

''PART III—RULES RELATING TO MINIMUM FUNDING STANDARDS AND BENEFIT LIMITATIONS

''SUBPART A. MINIMUM FUNDING STANDARDS FOR PENSION PLANS.

''SUBPART B. BENEFIT LIMITATIONS UNDER SINGLE-EMPLOYER PLANS.

''Subpart A—Minimum Funding Standards for Pension Plans

''Sec. 430. Minimum funding standards for single-employer defined benefit pension plans.'', and

(B) by adding at the end the following new subpart:

''Subpart B—Benefit Limitations Under Single-Employer Plans

''Sec. 436. Funding-based limitation on shutdown benefits and other unpredictable contingent event benefits under single-employer plans.

''SEC. 436. FUNDING-BASED LIMITS ON BENEFITS AND BENEFIT ACCRUALS UNDER SINGLE-EMPLOYER PLANS.

''(a) GENERAL RULE.—For purposes of section 401(a)(29), a defined benefit plan which is a single-employer plan shall be treated as meeting the requirements of this section if the plan meets the requirements of subsections (b), (c), (d), and (e).

''(b) FUNDING-BASED LIMITATION ON SHUTDOWN BENEFITS AND OTHER UNPREDICTABLE CONTINGENT EVENT BENEFITS UNDER SINGLE-EMPLOYER PLANS.—

''(1) IN GENERAL.—If a participant of a defined benefit plan which is a single-employer plan is entitled to an unpredictable contingent event benefit payable with respect to any event occurring during any plan year, the plan shall provide that such benefit may not be provided if the adjusted funding target attainment percentage for such plan year—

''(A) is less than 60 percent, or

''(B) would be less than 60 percent taking into account such occurrence.

''(2) EXEMPTION.—Paragraph (1) shall cease to apply with respect to any plan year, effective as of the first day of the plan year, upon payment by the plan sponsor of a contribution (in addition to any minimum required contribution under section 303) equal to—

''(A) in the case of paragraph (1)(A), the amount of the increase in the funding target of the plan (under section 430) for the plan year attributable to the occurrence referred to in paragraph (1), and

''(B) in the case of paragraph (1)(B), the amount sufficient to result in a funding target attainment percentage of 60 percent.

''(3) UNPREDICTABLE CONTINGENT EVENT.—For purposes of this subsection, the term 'unpredictable contingent event benefit' means any benefit payable solely by reason of—

''(A) a plant shutdown (or similar event, as determined by the Secretary), or

''(B) any event other than the attainment of any age, performance of any service, receipt or derivation of any compensation, or occurrence of death or disability.

''(c) LIMITATIONS ON PLAN AMENDMENTS INCREASING LIABILITY FOR BENEFITS.—

''(1) IN GENERAL.—No amendment to a defined benefit plan which is a single-employer plan which has the effect of increasing liabilities of the plan by reason of increases in benefits, establishment of new benefits, changing the rate of benefit accrual, or changing the rate at which benefits become nonforfeitable may take effect during any plan year if the adjusted funding target attainment percentage for such plan year is—

''(A) less than 80 percent, or

''(B) would be less than 80 percent taking into account such amendment.

''(2) EXEMPTION.—Paragraph (1) shall cease to apply with respect to any plan year, effective as of the first day of the plan year (or if later, the effective date of the amendment), upon payment by the plan sponsor of a contribution (in addition to any minimum required contribution under section 430) equal to—

''(A) in the case of paragraph (1)(A), the amount of the increase in the funding target of the plan (under section 430) for the plan year attributable to the amendment, and

''(B) in the case of paragraph (1)(B), the amount sufficient to result in an adjusted funding target attainment percentage of 80 percent.

''(3) EXCEPTION FOR CERTAIN BENEFIT INCREASES.—Paragraph (1) shall not apply to any amendment which provides for an increase in benefits under a formula which is not based on a participant's compensation, but only if the rate of such increase is not in excess of the contemporaneous rate of increase in average wages of participants covered by the amendment.

''(d) LIMITATIONS ON ACCELERATED BENEFIT DISTRIBUTIONS.—

''(1) FUNDING PERCENTAGE LESS THAN 60 PERCENT.—A defined benefit plan which is a single-employer plan shall provide that, in any case in which the plan's adjusted funding target attainment percentage for a plan year is less than 60 percent, the plan may not pay any prohibited payment after the valuation date for the plan year.

''(2) BANKRUPTCY.—A defined benefit plan which is a single-employer plan shall provide that, during any period in which the plan sponsor is a debtor in a case under title 11, United States Code, or similar Federal or State law, the plan may not pay any prohibited payment. The preceding sentence shall not apply on or after the date on which the enrolled actuary of the plan certifies that the adjusted funding target attainment percentage of such plan is not less than 100 percent.

''(3) LIMITED PAYMENT IF PERCENTAGE AT LEAST 60 PERCENT BUT LESS THAN 80 PERCENT.—

''(A) IN GENERAL.—A defined benefit plan which is a single-employer plan shall provide that, in any case in which the plan's adjusted funding target attainment percentage for a plan year is 60 percent or greater but less than 80 percent, the plan may not pay any prohibited payment after the valuation date for the plan year to the extent the amount of the payment exceeds the lesser of—

''(i) 50 percent of the amount of the payment which could be made without regard to this section, or

''(ii) the present value (determined under guidance prescribed by the Pension Benefit Guaranty Corporation, using the interest and mortality assumptions under section 417(e)) of the maximum guarantee with respect to the participant under section 4022 of the Employee Retirement Income Security Act of 1974.

''(B) ONE-TIME APPLICATION.—

''(i) IN GENERAL.—The plan shall also provide that only 1 prohibited payment meeting the requirements of subparagraph (A) may be

made with respect to any participant during any period of consecutive plan years to which the limitations under either paragraph (1) or (2) or this paragraph applies.

''(ii) TREATMENT OF BENEFICIARIES.—For purposes of this subparagraph, a participant and any beneficiary on his behalf (including an alternate payee, as defined in section 414(p)(8)) shall be treated as 1 participant. If the accrued benefit of a participant is allocated to such an alternate payee and 1 or more other persons, the amount under subparagraph (A) shall be allocated among such persons in the same manner as the accrued benefit is allocated unless the qualified domestic relations order (as defined in section 414(p)(1)(A)) provides otherwise.

''(4) EXCEPTION.—This subsection shall not apply to any plan for any plan year if the terms of such plan (as in effect for the period beginning on September 1, 2005, and ending with such plan year) provide for no benefit accruals with respect to any participant during such period.

''(5) PROHIBITED PAYMENT.—For purpose of this subsection, the term 'prohibited payment' means—

''(A) any payment, in excess of the monthly amount paid under a single life annuity (plus any social security supplements described in the last sentence of section 411(a)(9)), to a participant or beneficiary whose annuity starting date (as defined in section 417(f)(2)) occurs during any period a limitation under paragraph (1) or (2) is in effect,

''(B) any payment for the purchase of an irrevocable commitment from an insurer to pay benefits, and

''(C) any other payment specified by the Secretary by regulations.

''(e) LIMITATION ON BENEFIT ACCRUALS FOR PLANS WITH SEVERE FUNDING SHORTFALLS.—

''(1) IN GENERAL.—A defined benefit plan which is a single-employer plan shall provide that, in any case in which the plan's adjusted funding target attainment percentage for a plan year is less than 60 percent, benefit accruals under the plan shall cease as of the valuation date for the plan year.

''(2) EXEMPTION.—Paragraph (1) shall cease to apply with respect to any plan year, effective as of the first day of the plan year, upon payment by the plan sponsor of a contribution (in addition to any minimum required contribution under section 430) equal to the amount sufficient to result in an adjusted funding target attainment percentage of 60 percent.

''(f) RULES RELATING TO CONTRIBUTIONS REQUIRED TO AVOID BENEFIT LIMITATIONS.—

''(1) SECURITY MAY BE PROVIDED.—

''(A) IN GENERAL.—For purposes of this section, the adjusted funding target attainment percentage shall be determined by treating as an asset of the plan any security provided by a plan sponsor in a form meeting the requirements of subparagraph (B).

''(B) FORM OF SECURITY.—The security required under subparagraph (A) shall consist of—

''(i) a bond issued by a corporate surety company that is an acceptable surety for purposes of section 412 of the Employee Retirement Income Security Act of 1974,

''(ii) cash, or United States obligations which mature in 3 years or less, held in escrow by a bank or similar financial institution, or

''(iii) such other form of security as is satisfactory to the Secretary and the parties involved.

''(C) ENFORCEMENT.—Any security provided under subparagraph (A) may be perfected and enforced at any time after the earlier of—

''(i) the date on which the plan terminates,

''(ii) if there is a failure to make a payment of the minimum required contribution for any plan year beginning after the security is provided, the due date for the payment under section 430(j), or

''(iii) if the adjusted funding target attainment percentage is less than 60 percent for a consecutive period of 7 years, the valuation date for the last year in the period.

''(D) RELEASE OF SECURITY.—The security shall be released (and any amounts thereunder shall be refunded together with any interest accrued thereon) at such time as the Secretary may prescribe in regulations, including regulations for partial releases of the security by reason of increases in the funding target attainment percentage.

''(2) PREFUNDING BALANCE OR FUNDING STANDARD CARRYOVER BALANCE MAY NOT BE USED.—No prefunding balance under section 430(f) or funding standard carryover balance may be used under subsection (b), (c), or (e) to satisfy any payment an employer may make under any such subsection to avoid or terminate the application of any limitation under such subsection.

''(3) DEEMED REDUCTION OF FUNDING BALANCES.—

''(A) IN GENERAL.—Subject to subparagraph (C), in any case in which a benefit limitation under subsection (b), (c), (d), or (e) would (but for this subparagraph and determined without regard to subsection (b)(2), (c)(2), or (e)(2)) apply to such plan for the plan year, the plan sponsor of such plan shall be treated for purposes of this title as having made an election under section 430(f) to reduce the prefunding balance or funding standard carryover balance by such amount as is necessary for such benefit limitation to not apply to the plan for such plan year.

''(B) EXCEPTION FOR INSUFFICIENT FUNDING BALANCES.—Subparagraph (A) shall not apply with respect to a benefit limitation for any plan year if the application of subparagraph (A) would not result in the benefit limitation not applying for such plan year.

''(C) RESTRICTIONS OF CERTAIN RULES TO COLLECTIVELY BARGAINED PLANS.—With respect to any benefit limitation under subsection (b), (c), or (e), subparagraph (A) shall only apply in the case of a plan maintained pursuant to 1 or more collective bargaining agreements between employee representatives and 1 or more employers.

''(g) NEW PLANS.—Subsections (b), (c), and (e) shall not apply to a plan for the first 5 plan years of the plan. For purposes of this subsection, the reference in this subsection to a plan shall include a reference to any predecessor plan.

''(h) PRESUMED UNDERFUNDING FOR PURPOSES OF BENEFIT LIMITATIONS.—

''(1) PRESUMPTION OF CONTINUED UNDERFUNDING.—In any case in which a benefit limitation under subsection (b), (c), (d), or (e) has been applied to a plan with respect to the plan year preceding the current plan year, the adjusted funding target attainment percentage of the plan for the current plan year shall be presumed to be equal to the adjusted funding target attainment percentage of the plan for the preceding plan year until the enrolled actuary of the plan certifies the actual adjusted funding target attainment percentage of the plan for the current plan year.

''(2) PRESUMPTION OF UNDERFUNDING AFTER 10TH MONTH.—In any case in which no certification of the adjusted funding target attainment percentage for the current plan year is made with respect to the plan before the first day of the 10th month of such year, for purposes of subsections (b), (c), (d), and (e), such first day shall be deemed, for purposes of such subsection, to be the valuation date of the plan for the current plan year and the plan's adjusted funding target attainment percentage shall be conclusively presumed to be less than 60 percent as of such first day.

''(3) PRESUMPTION OF UNDERFUNDING AFTER 4TH MONTH FOR NEARLY UNDERFUNDED PLANS.—In any case in which—

''(A) a benefit limitation under subsection (b), (c), (d), or (e) did not apply to a plan with respect to the plan year preceding the current plan year, but the adjusted funding target attainment percentage of the plan for such preceding plan year was not more than 10 percentage points greater than the percentage which would have caused such subsection to apply to the plan with respect to such preceding plan year, and

''(B) as of the first day of the 4th month of the current plan year, the enrolled actuary of the plan has not certified the actual adjusted funding target attainment percentage of the plan for the current plan year,

until the enrolled actuary so certifies, such first day shall be deemed, for purposes of such subsection, to be the valuation date of the plan for the current plan year and the adjusted funding target attainment percentage of the plan as of such first day shall, for purposes of such subsection, be presumed to be equal to 10 percentage points less than the adjusted funding target attainment percentage of the plan for such preceding plan year.

''(i) TREATMENT OF PLAN AS OF CLOSE OF PROHIBITED OR CESSATION PERIOD.—For purposes of applying this title—

''(1) OPERATION OF PLAN AFTER PERIOD.—Unless the plan provides otherwise, payments and accruals will resume effective as of the day following the close of the period for which any limitation of payment or accrual of benefits under subsection (d) or (e) applies.

''(2) TREATMENT OF AFFECTED BENEFITS.—Nothing in this subsection shall be construed as affecting the plan's treatment of benefits which would have been paid or accrued but for this section.

''(j) TERMS RELATING TO FUNDING TARGET ATTAINMENT PERCENTAGE.—For purposes of this section—

''(1) IN GENERAL.—The term 'funding target attainment percentage' has the same meaning given such term by section 430(d)(2).

''(2) ADJUSTED FUNDING TARGET ATTAINMENT PERCENTAGE.—The term 'adjusted funding target attainment percentage' means the funding target attainment percentage which is determined under paragraph (1) by increasing each of the amounts under subparagraphs (A) and (B) of section 430(d)(2) by the aggregate amount of purchases of annuities for employees other than highly compensated employees (as defined in section 414(q)) which were made by the plan during the preceding 2 plan years.

''(3) APPLICATION TO PLANS WHICH ARE FULLY FUNDED WITHOUT REGARD TO REDUCTIONS FOR FUNDING BALANCES.—

''(A) IN GENERAL.—In the case of a plan for any plan year, if the funding target attainment percentage is 100 percent or more (determined without regard to this paragraph and without regard to the reduction in the value of assets under section 430(f)(4)(A)), the funding target attainment percentage for purposes of paragraph (1) shall be determined without regard to such reduction.

''(B) TRANSITION RULE.—Subparagraph (A) shall be applied to plan years beginning after 2007 and before 2011 by substituting for '100 percent' the applicable percentage determined in accordance with the following table:

''In the case of a plan year beginning in calendar year:	**The applicable percentage is**
2008	92
2009	94
2010	96.

''(C) LIMITATION.—Subparagraph (B) shall not apply with respect to any plan year after

2008 unless the funding target attainment percentage (determined without regard to this paragraph) of the plan for each preceding plan year after 2007 was not less than the applicable percentage with respect to such preceding plan year determined under subparagraph (B).

''(k) SPECIAL RULE FOR 2008.—For purposes of this section, in the case of plan years beginning in 2008, the funding target attainment percentage for the preceding plan year may be determined using such methods of estimation as the Secretary may provide.''.

(2) CLERICAL AMENDMENT.—The table of parts for subchapter D of chapter 1 of the Internal Revenue Code of 1986 is amended by adding at the end the following new item:

''PART III—RULES RELATING TO MINIMUM FUNDING STANDARDS AND BENEFIT LIMITATIONS''.

(b) EFFECTIVE DATE.—

(1) IN GENERAL.—The amendments made by this section shall apply to plan years beginning after December 31, 2007.

(2) COLLECTIVE BARGAINING EXCEPTION.—In the case of a plan maintained pursuant to 1 or more collective bargaining agreements between employee representatives and 1 or more employers ratified before January 1, 2008, the amendments made by this section shall not apply to plan years beginning before the earlier of—

(A) the later of—

(i) the date on which the last collective bargaining agreement relating to the plan terminates (determined without regard to any extension thereof agreed to after the date of the enactment of this Act), or

(ii) the first day of the first plan year to which the amendments made by this subsection would (but for this subparagraph) apply, or

(B) January 1, 2010.

For purposes of subparagraph (A)(i), any plan amendment made pursuant to a collective bargaining agreement relating to the plan which amends the plan solely to conform to any requirement added by this section shall not be treated as a termination of such collective bargaining agreement.

SEC. 114. TECHNICAL AND CONFORMING AMENDMENTS.

(a) AMENDMENTS RELATED TO QUALIFICATION REQUIREMENTS.—

(1) Section 401(a)(29) of the Internal Revenue Code of 1986 is amended to read as follows:

''(29) BENEFIT LIMITATIONS ON PLANS IN AT-RISK STATUS.—In the case of a defined benefit plan (other than a multiemployer plan) to which the requirements of section 412 apply, the trust of which the plan is a part shall not constitute a qualified trust under this subsection unless the plan meets the requirements of section 436.''.

(2) Section 401(a)(32) of such Code is amended—

(A) in subparagraph (A), by striking ''412(m)(5)'' each place it appears and inserting ''section 430(j)(4)'', and

(B) in subparagraph (C), by striking ''section 412(m)'' and inserting ''section 430(j)''.

(3) Section 401(a)(33) of such Code is amended—

(A) in subparagraph (B)(i), by striking ''funded current liability percentage (within the meaning of section 412(l)(8))'' and inserting ''funding target attainment percentage (as defined in section 430(d)(2))'',

(B) in subparagraph (B)(iii), by striking ''subsection 412(c)(8)'' and inserting ''section 412(c)(2)'', and

(C) in subparagraph (D), by striking ''section 412(c)(11) (without regard to subparagraph (B) thereof)'' and inserting ''section 412(b)(2) (without regard to subparagraph (B) thereof)''.

(b) VESTING RULES.—Section 411 of such Code is amended—

(1) by striking ''section 412(c)(8)'' in subsection (a)(3)(C) and inserting ''section 412(c)(2)'',

(2) in subsection (b)(1)(F)—

(A) by striking ''paragraphs (2) and (3) of section 412(i)'' in clause (ii) and inserting ''subparagraphs (B) and (C) of section 412(e)(3)'', and

(B) by striking ''paragraphs (4), (5), and (6) of section 412(i)'' and inserting ''subparagraphs (D), (E), and (F) of section 412(e)(3)'', and

(3) by striking ''section 412(c)(8)'' in subsection (d)(6)(A) and inserting ''section 412(e)(2)''.

(c) MERGERS AND CONSOLIDATIONS OF PLANS.—Subclause (I) of section 414(l)(2)(B)(i) of such Code is amended to read as follows:

''(I) the amount determined under section 431(c)(6)(A)(i) in the case of a multiemployer plan (and the sum of the funding shortfall and target normal cost determined under section 430 in the case of any other plan), over''.

(d) TRANSFER OF EXCESS PENSION ASSETS TO RETIREE HEALTH ACCOUNTS.—

(1) Section 420(e)(2) of such Code is amended to read as follows:

''(2) EXCESS PENSION ASSETS.—The term 'excess pension assets' means the excess (if any) of—

''(A) the lesser of—

''(i) the fair market value of the plan's assets (reduced by the prefunding balance and funding standard carryover balance determined under section 430(f)), or

''(ii) the value of plan assets as determined under section 430(g)(3) after reduction under section 430(f), over

''(B) 125 percent of the sum of the funding shortfall and the target normal cost determined under section 430 for such plan year.''.

(2) Section 420(e)(4) of such Code is amended to read as follows:

''(4) COORDINATION WITH SECTION 430.—In the case of a qualified transfer, any assets so transferred shall not, for purposes of this section and section 430, be treated as assets in the plan.''.

(e) EXCISE TAXES.—

(1) IN GENERAL.—Subsections (a) and (b) of section 4971 of such Code are amended to read as follows:

''(a) INITIAL TAX.—If at any time during any taxable year an employer maintains a plan to which section 412 applies, there is hereby imposed for the taxable year a tax equal to—

''(1) in the case of a single-employer plan, 10 percent of the aggregate unpaid minimum required contributions for all plan years remaining unpaid as of the end of any plan year ending with or within the taxable year, and

''(2) in the case of a multiemployer plan, 5 percent of the accumulated funding deficiency determined under section 431 as of the end of any plan year ending with or within the taxable year.

''(b) ADDITIONAL TAX.—If—

''(1) a tax is imposed under subsection (a)(1) on any unpaid required minimum contribution and such amount remains unpaid as of the close of the taxable period, or

''(2) a tax is imposed under subsection (a)(2) on any accumulated funding deficiency and the accumulated funding deficiency is not corrected within the taxable period,

there is hereby imposed a tax equal to 100 percent of the unpaid minimum required contribution or accumulated funding deficiency, whichever is applicable, to the extent not so paid or corrected.''.

(2) Section 4971(c) of such Code is amended—

(A) by striking ''the last two sentences of section 412(a)'' in paragraph (1) and inserting ''section 431'', and

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

''(4) UNPAID MINIMUM REQUIRED CONTRIBUTION.—

''(A) IN GENERAL.—The term 'unpaid minimum required contribution' means, with respect to any plan year, any minimum required contribution under section 430 for the plan year which is not paid on or before the due date (as determined under section 430(j)(1)) for the plan year.

''(B) ORDERING RULE.—Any payment to or under a plan for any plan year shall be allocated first to unpaid minimum required contributions for all preceding plan years on a first-in, first-out basis and then to the minimum required contribution under section 430 for the plan year.''.

(3) Section 4971(e)(1) of such Code is amended by striking ''section 412(b)(3)(A)'' and inserting ''section 412(a)(1)(A)''.

(4) Section 4971(f)(1) of such Code is amended—

(A) by striking ''section 412(m)(5)'' and inserting ''section 430(j)(4)'', and

(B) by striking ''section 412(m)'' and inserting ''section 430(j)''.

(5) Section 4972(c)(7) of such Code is amended by striking ''except to the extent that such contributions exceed the full-funding limitation (as defined in section 412(c)(7), determined without regard to subparagraph (A)(i)(I) thereof)'' and inserting ''except, in the case of a multiemployer plan, to the extent that such contributions exceed the full-funding limitation (as defined in section 431(c)(6))''.

(f) REPORTING REQUIREMENTS.—Section 6059(b) of such Code is amended—

(1) by striking ''the accumulated funding deficiency (as defined in section 412(a))'' in paragraph (2) and inserting ''the minimum required contribution determined under section 430, or the accumulated funding deficiency determined under section 431,'', and

(2) by striking paragraph (3)(B) and inserting:

''(B) the requirements for reasonable actuarial assumptions under section 430(h)(1) or 431(c)(3), whichever are applicable, have been complied with.''.

SEC. 115. MODIFICATION OF TRANSITION RULE TO PENSION FUNDING REQUIREMENTS.

(a) IN GENERAL.—In the case of a plan that—

(1) was not required to pay a variable rate premium for the plan year beginning in 1996,

(2) has not, in any plan year beginning after 1995, merged with another plan (other than a plan sponsored by an employer that was in 1996 within the controlled group of the plan sponsor); and

(3) is sponsored by a company that is engaged primarily in the interurban or interstate passenger bus service,

the rules described in subsection (b) shall apply for any plan year beginning after December 31, 2007.

(b) MODIFIED RULES.—The rules described in this subsection are as follows:

(1) For purposes of section 430(j)(3) of the Internal Revenue Code of 1986 and section 303(j)(3) of the Employee Retirement Income Security Act of 1974, the plan shall be treated as not having a funding shortfall for any plan year.

(2) For purposes of—

(A) determining unfunded vested benefits under section 4006(a)(3)(E)(iii) of such Act, and

(B) determining any present value or making any computation under section 412 of such Code or section 302 of such Act,

the mortality table shall be the mortality table used by the plan.

(3) Section 430(c)(5)(B) of such Code and section 303(c)(5)(B) of such Act (relating to phase-in of funding target for exemption from new shortfall amortization base) shall each be applied by substituting ''2012'' for ''2011'' therein and by substituting for the table therein the following:

In the case of a plan year beginning in calendar year:	The applicable percentage is:
2008	90 percent
2009	92 percent
2010	94 percent
2011	96 percent.

(c) DEFINITIONS.—Any term used in this section which is also used in section 430 of such Code or section 303 of such Act shall have the meaning provided such term in such section. If the same term has a different meaning in such Code and such Act, such term shall, for purposes of this section, have the meaning provided by such Code when applied with respect to such Code and the meaning provided by such Act when applied with respect to such Act.

(d) SPECIAL RULE FOR 2006 AND 2007.—

(1) IN GENERAL.—Section 769(c)(3) of the Retirement Protection Act of 1994, as added by section 201 of the Pension Funding Equity Act of 2004, is amended by striking ''and 2005'' and inserting '', 2005, 2006, and 2007''.

(2) EFFECTIVE DATE.—The amendment made by paragraph (1) shall apply to plan years beginning after December 31, 2005.

(e) CONFORMING AMENDMENT.—

(1) Section 769 of the Retirement Protection Act of 1994 is amended by striking subsection (c).

(2) The amendment made by paragraph (1) shall take effect on December 31, 2007, and shall apply to plan years beginning after such date.

SEC. 116. RESTRICTIONS ON FUNDING OF NONQUALIFIED DEFERRED COMPENSATION PLANS BY EMPLOYERS MAINTAINING UNDERFUNDED OR TERMINATED SINGLE-EMPLOYER PLANS.

(a) AMENDMENTS OF INTERNAL REVENUE CODE.—Subsection (b) of section 409A of the Internal Revenue Code of 1986 (providing rules relating to funding) is amended by redesignating paragraphs (3) and (4) as paragraphs (4) and (5), respectively, and by inserting after paragraph (2) the following new paragraph:

''(3) TREATMENT OF EMPLOYER'S DEFINED BENEFIT PLAN DURING RESTRICTED PERIOD.—

''(A) IN GENERAL.—If–

''(i) during any restricted period with respect to a single-employer defined benefit plan, assets are set aside or reserved (directly or indirectly) in a trust (or other arrangement as determined by the Secretary) or transferred to such a trust or other arrangement for purposes of paying deferred compensation of an applicable covered employee under a nonqualified deferred compensation plan of the plan sponsor or member of a controlled group which includes the plan sponsor, or

''(ii) a nonqualified deferred compensation plan of the plan sponsor or member of a controlled group which includes the plan sponsor provides that assets will become restricted to the provision of benefits under the plan in connection with such restricted period (or other similar financial measure determined by the Secretary) with respect to the defined benefit plan, or assets are so restricted,

such assets shall, for purposes of section 83, be treated as property transferred in connection with the performance of services whether or not such assets are available to satisfy claims of general creditors. Clause (i) shall not apply with respect to any assets which are so set aside before the restricted period with respect to the defined benefit plan.

''(B) RESTRICTED PERIOD.—For purposes of this section, the term 'restricted period' means, with respect to any plan described in subparagraph (A)—

''(i) any period during which the plan is in at-risk status (as defined in section 430(i));

''(ii) any period the plan sponsor is a debtor in a case under title 11, United States Code, or similar Federal or State law, and

''(iii) the 12-month period beginning on the date which is 6 months before the termination date of the plan if, as of the termination date, the plan is not sufficient for benefit liabilities (within the meaning of section 4041 of the Employee Retirement Income Security Act of 1974).

''(C) SPECIAL RULE FOR PAYMENT OF TAXES ON DEFERRED COMPENSATION INCLUDED IN INCOME.—If an employer provides directly or indirectly for the payment of any Federal, State, or local income taxes with respect to any compensation required to be included in gross income by reason of this paragraph—

''(i) interest shall be imposed under subsection (a)(1)(B)(i)(I) on the amount of such payment in the same manner as if such payment was part of the deferred compensation to which it relates,

''(ii) such payment shall be taken into account in determining the amount of the additional tax under subsection (a)(1)(B)(i)(II) in the same manner as if such payment was part of the deferred compensation to which it relates, and

''(iii) no deduction shall be allowed under this title with respect to such payment.

''(D) OTHER DEFINITIONS.—For purposes of this section—

''(i) APPLICABLE COVERED EMPLOYEE.—The term 'applicable covered employee' means any—

''(I) covered employee of a plan sponsor,

''(II) covered employee of a member of a controlled group which includes the plan sponsor, and

''(III) former employee who was a covered employee at the time of termination of employment with the plan sponsor or a member of a controlled group which includes the plan sponsor.

''(ii) COVERED EMPLOYEE.—The term 'covered employee' means an individual described in section 162(m)(3) or an individual subject to the requirements of section 16(a) of the Securities Exchange Act of 1934.''.

(b) CONFORMING AMENDMENTS.—Paragraphs (4) and (5) of section 409A(b) of such Code, as redesignated by subsection (a) of this subsection, are each amended by striking ''paragraph (1) or (2)'' each place it appears and inserting ''paragraph (1), (2), or (3)''.

(c) EFFECTIVE DATE.—The amendments made by this section shall apply to transfers or other reservation of assets after the date of the enactment of this Act.

TITLE II—FUNDING RULES FOR MULTIEMPLOYER DEFINED BENEFIT PLANS AND RELATED PROVISIONS

Subtitle A—Amendments to Employee Retirement Income Security Act of 1974

SEC. 201. FUNDING RULES FOR MULTIEMPLOYER DEFINED BENEFIT PLANS.

(a) IN GENERAL.—Part 3 of subtitle B of title I of the Employee Retirement Income Security Act of 1974 (as amended by this Act) is amended by inserting after section 303 the following new section:

''MINIMUM FUNDING STANDARDS FOR MULTIEMPLOYER PLANS

''SEC. 304. (a) IN GENERAL.—For purposes of section 302, the accumulated funding deficiency of a multiemployer plan for any plan year is—

''(1) except as provided in paragraph (2), the amount, determined as of the end of the plan year, equal to the excess (if any) of the total charges to the funding standard account of the plan for all plan years (beginning with the first plan year for which this part applies to the plan) over the total credits to such account for such years, and

''(2) if the multiemployer plan is in reorganization for any plan year, the accumulated funding deficiency of the plan determined under section 4243.

''(b) FUNDING STANDARD ACCOUNT.—

''(1) ACCOUNT REQUIRED.—Each multiemployer plan to which this part applies shall establish and maintain a funding standard account. Such account shall be credited and charged solely as provided in this section.

''(2) CHARGES TO ACCOUNT.—For a plan year, the funding standard account shall be charged with the sum of—

''(A) the normal cost of the plan for the plan year,

''(B) the amounts necessary to amortize in equal annual installments (until fully amortized)—

''(i) in the case of a plan which comes into existence on or after January 1, 2008, the unfunded past service liability under the plan on the first day of the first plan year to which this section applies, over a period of 15 plan years,

''(ii) separately, with respect to each plan year, the net increase (if any) in unfunded past service liability under the plan arising from plan amendments adopted in such year, over a period of 15 plan years,

''(iii) separately, with respect to each plan year, the net experience loss (if any) under the plan, over a period of 15 plan years, and

''(iv) separately, with respect to each plan year, the net loss (if any) resulting from changes in actuarial assumptions used under the plan, over a period of 15 plan years,

''(C) the amount necessary to amortize each waived funding deficiency (within the meaning of section 302(c)(3)) for each prior plan year in equal annual installments (until fully amortized) over a period of 15 plan years,

''(D) the amount necessary to amortize in equal annual installments (until fully amortized) over a period of 5 plan years any amount credited to the funding standard account under section 302(b)(3)(D) (as in effect on the day before the date of the enactment of the Pension Protection Act of 2006), and

''(E) the amount necessary to amortize in equal annual installments (until fully amortized) over a period of 20 years the contributions which would be required to be made under the plan but for the provisions of section 302(c)(7)(A)(i)(I) (as in effect on the day before the date of the enactment of the Pension Protection Act of 2006).

''(3) CREDITS TO ACCOUNT.—For a plan year, the funding standard account shall be credited with the sum of—

''(A) the amount considered contributed by the employer to or under the plan for the plan year,

''(B) the amount necessary to amortize in equal annual installments (until fully amortized)—

''(i) separately, with respect to each plan year, the net decrease (if any) in unfunded past service liability under the plan arising from plan amendments adopted in such year, over a period of 15 plan years,

''(ii) separately, with respect to each plan year, the net experience gain (if any) under the plan, over a period of 15 plan years, and

''(iii) separately, with respect to each plan year, the net gain (if any) resulting from changes in actuarial assumptions used under the plan, over a period of 15 plan years,

''(C) the amount of the waived funding deficiency (within the meaning of section 302(c)(3)) for the plan year, and

''(D) in the case of a plan year for which the accumulated funding deficiency is determined under the funding standard account if such plan year follows a plan year for which such deficiency was determined under the alternative minimum funding standard under section 305 (as in effect on the day before the date of the enactment of the Pension Protection Act of 2006), the excess (if any) of any debit balance in the funding standard account (determined without regard to this subparagraph) over any debit balance in the alternative minimum funding standard account.

''(4) SPECIAL RULE FOR AMOUNTS FIRST AMORTIZED IN PLAN YEARS BEFORE 2008.—In the case of any amount amortized under section 302(b) (as in effect on the day before the date of the enactment of the Pension Protection Act of 2006) over any period beginning with a plan year beginning before 2008, in lieu of the amortization described in paragraphs (2)(B) and (3)(B), such amount shall continue to be amortized under such section as so in effect.

''(5) COMBINING AND OFFSETTING AMOUNTS TO BE AMORTIZED.—Under regulations prescribed by the Secretary of the Treasury, amounts required to be amortized under paragraph (2) or paragraph (3), as the case may be—

''(A) may be combined into one amount under such paragraph to be amortized over a period determined on the basis of the remaining amortization period for all items entering into such combined amount, and

''(B) may be offset against amounts required to be amortized under the other such paragraph, with the resulting amount to be amortized over a period determined on the basis of the remaining amortization periods for all items entering into whichever of the two amounts being offset is the greater.

''(6) INTEREST.—The funding standard account (and items therein) shall be charged or credited (as determined under regulations prescribed by the Secretary of the Treasury) with interest at the appropriate rate consistent with the rate or rates of interest used under the plan to determine costs.

''(7) SPECIAL RULES RELATING TO CHARGES AND CREDITS TO FUNDING STANDARD ACCOUNT.—For purposes of this part—

''(A) WITHDRAWAL LIABILITY.—Any amount received by a multiemployer plan in payment of all or part of an employer's withdrawal liability under part 1 of subtitle E of title IV shall be considered an amount contributed by the employer to or under the plan. The Secretary of the Treasury may prescribe by regulation additional charges and credits to a multiemployer plan's funding standard account to the extent necessary to prevent withdrawal liability payments from being unduly reflected as advance funding for plan liabilities.

''(B) ADJUSTMENTS WHEN A MULTIEMPLOYER PLAN LEAVES REORGANIZATION.—If a multiemployer plan is not in reorganization in the plan year but was in reorganization in the immediately preceding plan year, any balance in the funding standard account at the close of such immediately preceding plan year—

''(i) shall be eliminated by an offsetting credit or charge (as the case may be), but

''(ii) shall be taken into account in subsequent plan years by being amortized in equal annual installments (until fully amortized) over 30 plan years.

The preceding sentence shall not apply to the extent of any accumulated funding deficiency under section 4243(a) as of the end of the last plan year that the plan was in reorganization.

''(C) PLAN PAYMENTS TO SUPPLEMENTAL PROGRAM OR WITHDRAWAL LIABILITY PAYMENT FUND.—Any amount paid by a plan during a plan year to the Pension Benefit Guaranty Corporation pursuant to section 4222 of this Act or to a fund exempt under section 501(c)(22) of the Internal Revenue Code of 1986 pursuant to section 4223 of this Act shall reduce the amount of contributions considered received by the plan for the plan year.

''(D) INTERIM WITHDRAWAL LIABILITY PAYMENTS.—Any amount paid by an employer pending a final determination of the employer's withdrawal liability under part 1 of subtitle E of title IV and subsequently refunded to the employer by the plan shall be charged to the funding standard account in accordance with regulations prescribed by the Secretary of the Treasury.

''(E) ELECTION FOR DEFERRAL OF CHARGE FOR PORTION OF NET EXPERIENCE LOSS.—If an election is in effect under section 302(b)(7)(F) (as in effect on the day before the date of the enactment of the Pension Protection Act of 2006) for any plan year, the funding standard account shall be charged in the plan year to which the portion of the net experience loss deferred by such election was deferred with the amount so deferred (and paragraph (2)(B)(iii) shall not apply to the amount so charged).

''(F) FINANCIAL ASSISTANCE.—Any amount of any financial assistance from the Pension Benefit Guaranty Corporation to any plan, and any repayment of such amount, shall be taken into account under this section and section 302 in such manner as is determined by the Secretary of the Treasury.

''(G) SHORT-TERM BENEFITS.—To the extent that any plan amendment increases the unfunded past service liability under the plan by reason of an increase in benefits which are not payable as a life annuity but are payable under the terms of the plan for a period that does not exceed 14 years from the effective date of the amendment, paragraph (2)(B)(ii) shall be applied separately with respect to such increase in unfunded past service liability by substituting the number of years of the period during which such benefits are payable for '15'.

''(c) ADDITIONAL RULES.—

''(1) DETERMINATIONS TO BE MADE UNDER FUNDING METHOD.—For purposes of this part, normal costs, accrued liability, past service liabilities, and experience gains and losses shall be determined under the funding method used to determine costs under the plan.

''(2) VALUATION OF ASSETS.—

''(A) IN GENERAL.—For purposes of this part, the value of the plan's assets shall be determined on the basis of any reasonable actuarial method of valuation which takes into account fair market value and which is permitted under regulations prescribed by the Secretary of the Treasury.

''(B) ELECTION WITH RESPECT TO BONDS.—The value of a bond or other evidence of indebtedness which is not in default as to principal or interest may, at the election of the plan administrator, be determined on an amortized basis running from initial cost at purchase to par value at maturity or earliest call date. Any election under this subparagraph shall be made at such time and in such manner as the Secretary of the Treasury shall by regulations provide, shall apply to all such evidences of indebtedness, and may be revoked only with the consent of such Secretary.

''(3) ACTUARIAL ASSUMPTIONS MUST BE REASONABLE.—For purposes of this section, all costs, liabilities, rates of interest, and other factors under the plan shall be determined on the basis of actuarial assumptions and methods—

''(A) each of which is reasonable (taking into account the experience of the plan and reasonable expectations), and

''(B) which, in combination, offer the actuary's best estimate of anticipated experience under the plan.

''(4) TREATMENT OF CERTAIN CHANGES AS EXPERIENCE GAIN OR LOSS.—For purposes of this section, if—

''(A) a change in benefits under the Social Security Act or in other retirement benefits created under Federal or State law, or

''(B) a change in the definition of the term 'wages' under section 3121 of the Internal Revenue Code of 1986, or a change in the amount of such wages taken into account under regulations prescribed for purposes of section 401(a)(5) of such Code,

results in an increase or decrease in accrued liability under a plan, such increase or decrease shall be treated as an experience loss or gain.

''(5) FULL FUNDING.—If, as of the close of a plan year, a plan would (without regard to this paragraph) have an accumulated funding deficiency in excess of the full funding limitation—

''(A) the funding standard account shall be credited with the amount of such excess, and

''(B) all amounts described in subparagraphs (B), (C), and (D) of subsection (b) (2) and subparagraph (B) of subsection (b)(3) which are required to be amortized shall be considered fully amortized for purposes of such subparagraphs.

''(6) FULL-FUNDING LIMITATION.—

''(A) IN GENERAL.—For purposes of paragraph (5), the term 'full-funding limitation' means the excess (if any) of—

''(i) the accrued liability (including normal cost) under the plan (determined under the entry age normal funding method if such accrued liability cannot be directly calculated under the funding method used for the plan), over

''(ii) the lesser of—

''(I) the fair market value of the plan's assets, or

''(II) the value of such assets determined under paragraph (2).

''(B) MINIMUM AMOUNT.—

''(i) IN GENERAL.—In no event shall the full-funding limitation determined under subparagraph (A) be less than the excess (if any) of—

''(I) 90 percent of the current liability of the plan (including the expected increase in current liability due to benefits accruing during the plan year), over

''(II) the value of the plan's assets determined under paragraph (2).

''(ii) ASSETS.—For purposes of clause (i), assets shall not be reduced by any credit balance in the funding standard account.

''(C) FULL FUNDING LIMITATION.—For purposes of this paragraph, unless otherwise provided by the plan, the accrued liability under a multiemployer plan shall not include benefits which are not nonforfeitable under the plan after the termination of the plan (taking into consideration section 411(d)(3) of the Internal Revenue Code of 1986).

''(D) CURRENT LIABILITY.—For purposes of this paragraph—

''(i) IN GENERAL.—The term 'current liability' means all liabilities to employees and their beneficiaries under the plan.

''(ii) TREATMENT OF UNPREDICTABLE CONTINGENT EVENT BENEFITS.—For purposes of clause (i), any benefit contingent on an event other than—

''(I) age, service, compensation, death, or disability, or

''(II) an event which is reasonably and reliably predictable (as determined by the Secretary of the Treasury),

shall not be taken into account until the event on which the benefit is contingent occurs.

''(iii) INTEREST RATE USED.—The rate of interest used to determine current liability under this paragraph shall be the rate of interest determined under subparagraph (E).

''(iv) MORTALITY TABLES.—

''(I) COMMISSIONERS' STANDARD TABLE.—In the case of plan years beginning before the first plan year to which the first tables prescribed under subclause (II) apply, the mortality table used in determining current liability under this paragraph shall be the table prescribed by the Secretary of the Treasury which is based on the prevailing commissioners' standard table (described in section 807(d)(5)(A) of the Internal Revenue Code of 1986) used to determine reserves for group annuity contracts issued on January 1, 1993.

''(II) SECRETARIAL AUTHORITY.—The Secretary of the Treasury may by regulation prescribe for plan years beginning after December 31, 1999, mortality tables to be used in determining current liability under this subsection. Such tables shall be based upon the actual experience of pension plans and projected trends in such experience. In prescribing such tables, such Secretary shall take into account results of available independent studies of mortality of individuals covered by pension plans.

''(v) SEPARATE MORTALITY TABLES FOR THE DISABLED.—Notwithstanding clause (iv)—

''(I) IN GENERAL.—The Secretary of the Treasury shall establish mortality tables which may be used (in lieu of the tables under clause (iv)) to determine current liability under this subsection for individuals who are entitled to benefits under the plan on account of disability. Such Secretary shall establish separate tables for individuals whose disabilities occur in plan years beginning before January 1, 1995, and for individuals whose disabilities occur in plan years beginning on or after such date.

''(II) SPECIAL RULE FOR DISABILITIES OCCURRING AFTER 1994.—In the case of disabilities occurring in plan years beginning after December 31, 1994, the tables under subclause (I) shall apply only with respect to individuals described in such subclause who are disabled within the meaning of title II of the Social Security Act and the regulations thereunder.

''(vi) PERIODIC REVIEW.—The Secretary of the Treasury shall periodically (at least every 5 years) review any tables in effect under this subparagraph and shall, to the extent such Secretary determines necessary, by regulation update the tables to reflect the actual experience of pension plans and projected trends in such experience.

''(E) REQUIRED CHANGE OF INTEREST RATE.—For purposes of determining a plan's current liability for purposes of this paragraph—

''(i) IN GENERAL.—If any rate of interest used under the plan under subsection (b)(6) to determine cost is not within the permissible range, the plan shall establish a new rate of interest within the permissible range.

''(ii) PERMISSIBLE RANGE.—For purposes of this subparagraph—

''(I) IN GENERAL.—Except as provided in subclause (II), the term 'permissible range' means a rate of interest which is not more than 5 percent above, and not more than 10 percent below, the weighted average of the rates of interest on 30-year Treasury securities during the 4-year period ending on the last day before the beginning of the plan year.

''(II) SECRETARIAL AUTHORITY.—If the Secretary of the Treasury finds that the lowest rate of interest permissible under subclause (I) is unreasonably high, such Secretary may prescribe a lower rate of interest, except that such rate may not be less than 80 percent of the average rate determined under such subclause.

''(iii) ASSUMPTIONS.—Notwithstanding paragraph (3)(A), the interest rate used under the plan shall be—

''(I) determined without taking into account the experience of the plan and reasonable expectations, but

''(II) consistent with the assumptions which reflect the purchase rates which would be used by insurance companies to satisfy the liabilities under the plan.

''(7) ANNUAL VALUATION.—

''(A) IN GENERAL.—For purposes of this section, a determination of experience gains and losses and a valuation of the plan's liability shall be made not less frequently than once every year, except that such determination shall be made more frequently to the extent required in particular cases under regulations prescribed by the Secretary of the Treasury.

''(B) VALUATION DATE.—

''(i) CURRENT YEAR.—Except as provided in clause (ii), the valuation referred to in subparagraph (A) shall be made as of a date within the plan year to which the valuation refers or within one month prior to the beginning of such year.

''(ii) USE OF PRIOR YEAR VALUATION.—The valuation referred to in subparagraph (A) may be made as of a date within the plan year prior to the year to which the valuation refers if, as of such date, the value of the assets of the plan are not less than 100 percent of the plan's current liability (as defined in paragraph (6)(D) without regard to clause (iv) thereof).

''(iii) ADJUSTMENTS.—Information under clause (ii) shall, in accordance with regulations, be actuarially adjusted to reflect significant differences in participants.

''(iv) LIMITATION.—A change in funding method to use a prior year valuation, as provided in clause (ii), may not be made unless as of the valuation date within the prior plan year, the value of the assets of the plan are not less than 125 percent of the plan's current liability (as defined in paragraph (6)(D) without regard to clause (iv) thereof).

''(8) TIME WHEN CERTAIN CONTRIBUTIONS DEEMED MADE.—For purposes of this section, any contributions for a plan year made by an employer after the last day of such plan year, but not later than two and one-half months after such day, shall be deemed to have been made on such last day. For purposes of this subparagraph, such two and one-half month period may be extended for not more than six months under regulations prescribed by the Secretary of the Treasury.

''(d) EXTENSION OF AMORTIZATION PERIODS FOR MULTIEMPLOYER PLANS.—

''(1) AUTOMATIC EXTENSION UPON APPLICATION BY CERTAIN PLANS.—

''(A) IN GENERAL.—If the plan sponsor of a multiemployer plan—

''(i) submits to the Secretary of the Treasury an application for an extension of the period of years required to amortize any unfunded liability described in any clause of subsection (b)(2)(B) or described in subsection (b)(4), and

''(ii) includes with the application a certification by the plan's actuary described in subparagraph (B),

the Secretary of the Treasury shall extend the amortization period for the period of time (not in excess of 5 years) specified in the application. Such extension shall be in addition to any extension under paragraph (2).

''(B) CRITERIA.—A certification with respect to a multiemployer plan is described in this subparagraph if the plan's actuary certifies that, based on reasonable assumptions—

''(i) absent the extension under subparagraph (A), the plan would have an accumulated funding deficiency in the current plan year or any of the 9 succeeding plan years,

''(ii) the plan sponsor has adopted a plan to improve the plan's funding status,

''(iii) the plan is projected to have sufficient assets to timely pay expected benefits and anticipated expenditures over the amortization period as extended, and

''(iv) the notice required under paragraph (3)(A) has been provided.

''(C) TERMINATION.—The preceding provisions of this paragraph shall not apply with respect to any application submitted after December 31, 2014.

''(2) ALTERNATIVE EXTENSION.—

''(A) IN GENERAL.—If the plan sponsor of a multiemployer plan submits to the Secretary of the Treasury an application for an extension of the period of years required to amortize any unfunded liability described in any clause of subsection (b)(2)(B) or described in subsection (b)(4), the Secretary of the Treasury may extend the amortization period for a period of time (not in excess of 10 years reduced by the number of years of any extension under paragraph (1) with respect to such unfunded liability) if the Secretary of the Treasury makes the determination described in subparagraph (B). Such extension shall be in addition to any extension under paragraph (1).

''(B) DETERMINATION.—The Secretary of the Treasury may grant an extension under subparagraph (A) if such Secretary determines that—

''(i) such extension would carry out the purposes of this Act and would provide adequate protection for participants under the plan and their beneficiaries, and

''(ii) the failure to permit such extension would—

''(I) result in a substantial risk to the voluntary continuation of the plan, or a substantial curtailment of pension benefit levels or employee compensation, and

''(II) be adverse to the interests of plan participants in the aggregate.

''(C) ACTION BY SECRETARY OF THE TREASURY.—The Secretary of the Treasury shall act upon any application for an extension under this paragraph within 180 days of the submission of such application. If such Secretary rejects the application for an extension under this paragraph, such Secretary shall provide notice to the plan detailing the specific reasons for the rejection, including references to the criteria set forth above.

''(3) ADVANCE NOTICE.—

''(A) IN GENERAL.—The Secretary of the Treasury shall, before granting an extension under this subsection, require each applicant to provide evidence satisfactory to such Secretary that the applicant has provided notice of the filing of the application for such extension to each affected party (as defined in section 4001(a)(21)) with respect to the affected plan. Such notice shall include a description of the extent to which the plan is funded for benefits which are guaranteed under title IV and for benefit liabilities.

''(B) CONSIDERATION OF RELEVANT INFORMATION.—The Secretary of the Treasury shall consider any relevant information provided by a person to whom notice was given under paragraph (1).''.

(b) SHORTFALL FUNDING METHOD.—

(1) IN GENERAL.—A multiemployer plan meeting the criteria of paragraph (2) may adopt, use, or cease using, the shortfall funding method and such adoption, use, or cessation of use of such method, shall be deemed approved by the Secretary of the Treasury under section 302(d)(1) of the Employee Retirement Income Security Act of 1974 and section 412(d)(1) of the Internal Revenue Code of 1986.

(2) CRITERIA.—A multiemployer pension plan meets the criteria of this clause if—

(A) the plan has not used the shortfall funding method during the 5-year period ending on the day before the date the plan is to use the method under paragraph (1); and

(B) the plan is not operating under an amortization period extension under section 304(d) of such Act and did not operate under such an extension during such 5-year period.

(3) SHORTFALL FUNDING METHOD DEFINED.—For purposes of this subsection, the term ''shortfall funding method'' means the shortfall funding method described in Treasury Regulations section 1.412(c)(1)–2 (26 C.F.R. 1.412(c)(1)–2).

(4) BENEFIT RESTRICTIONS TO APPLY.—The benefit restrictions under section 302(c)(7) of such Act and section 412(c)(7) of such Code shall apply during any period a multiemployer plan is on the shortfall funding method pursuant to this subsection.

(5) USE OF SHORTFALL METHOD NOT TO PRECLUDE OTHER OPTIONS.—Nothing in this subsection shall be construed to affect a multiemployer plan's ability to adopt the shortfall funding method with the Secretary's permission under otherwise applicable regulations or to affect a multiemployer plan's right to change funding methods, with or without the Secretary's consent, as provided in applicable rules and regulations.

(c) CONFORMING AMENDMENTS.—

(1) Section 301 of the Employee Retirement Income Security Act of 1974 (29 U.S.C. 1081) is amended by striking subsection (d).

(2) The table of contents in section 1 of such Act (as amended by this Act) is amended by inserting after the item relating to section 303 the following new item:

''Sec. 304. Minimum funding standards for multiemployer plans.''.

(d) EFFECTIVE DATE.—

(1) IN GENERAL.—The amendments made by this section shall apply to plan years beginning after 2007.

(2) SPECIAL RULE FOR CERTAIN AMORTIZATION EXTENSIONS.—If the Secretary of the Treasury grants an extension under section 304 of the Employee Retirement Income Security Act of 1974 and section 412(e) of the Internal Revenue Code of 1986 with respect to any application filed with the Secretary of the Treasury on or before June 30, 2005, the extension (and any modification thereof) shall be applied and administered under the rules of such sections as in effect before the enactment of this Act, including the use of the rate of interest determined under section 6621(b) of such Code.

SEC. 202. ADDITIONAL FUNDING RULES FOR MULTIEMPLOYER PLANS IN ENDANGERED OR CRITICAL STATUS.

(a) IN GENERAL.—Part 3 of subtitle B of title I of the Employee Retirement Income Security Act of 1974 (as amended by the preceding provisions of this Act) is amended by inserting after section 304 the following new section:

''ADDITIONAL FUNDING RULES FOR MULTIEMPLOYER PLANS IN ENDANGERED STATUS OR CRITICAL STATUS

''SEC. 305. (a) GENERAL RULE.—For purposes of this part, in the case of a multiemployer plan in effect on July 16, 2006—

''(1) if the plan is in endangered status—

''(A) the plan sponsor shall adopt and implement a funding improvement plan in accordance with the requirements of subsection (c), and

''(B) the requirements of subsection (d) shall apply during the funding plan adoption period and the funding improvement period, and

''(2) if the plan is in critical status—

''(A) the plan sponsor shall adopt and implement a rehabilitation plan in accordance with the requirements of subsection (e), and

''(B) the requirements of subsection (f) shall apply during the rehabilitation plan adoption period and the rehabilitation period.

''(b) DETERMINATION OF ENDANGERED AND CRITICAL STATUS.—For purposes of this section—

''(1) ENDANGERED STATUS.—A multiemployer plan is in endangered status for a plan year if, as determined by the plan actuary under paragraph (3), the plan is not in critical status for the plan year and, as of the beginning of the plan year, either—

''(A) the plan's funded percentage for such plan year is less than 80 percent, or

''(B) the plan has an accumulated funding deficiency for such plan year, or is projected to have such an accumulated funding deficiency for any of the 6 succeeding plan years, taking into account any extension of amortization periods under section 304(d).

For purposes of this section, a plan shall be treated as in seriously endangered status for a plan year if the plan is described in both subparagraphs (A) and (B).

''(2) CRITICAL STATUS.—A multiemployer plan is in critical status for a plan year if, as determined by the plan actuary under paragraph (3), the plan is described in 1 or more of the following subparagraphs as of the beginning of the plan year:

''(A) A plan is described in this subparagraph if—

''(i) the funded percentage of the plan is less than 65 percent, and

''(ii) the sum of—

''(I) the fair market value of plan assets, plus

''(II) the present value of the reasonably anticipated employer contributions for the current plan year and each of the 6 succeeding plan years, assuming that the terms of all collective bargaining agreements pursuant to which the plan is maintained for the current plan year continue in effect for succeeding plan years,

is less than the present value of all nonforfeitable benefits projected to be payable under the plan during the current plan year and each of the 6 succeeding plan years (plus administrative expenses for such plan years).

''(B) A plan is described in this subparagraph if—

''(i) the plan has an accumulated funding deficiency for the current plan year, not taking into account any extension of amortization periods under section 304(d), or

''(ii) the plan is projected to have an accumulated funding deficiency for any of the 3 succeeding plan years (4 succeeding plan years if the funded percentage of the plan is 65 percent or less), not taking into account any extension of amortization periods under section 304(d).

''(C) A plan is described in this subparagraph if—

''(i)(I) the plan's normal cost for the current plan year, plus interest (determined at the rate used for determining costs under the plan) for the current plan year on the amount of unfunded benefit liabilities under the plan as of the last date of the preceding plan year, exceeds

''(II) the present value of the reasonably anticipated employer and employee contributions for the current plan year,

''(ii) the present value, as of the beginning of the current plan year, of nonforfeitable benefits of inactive participants is greater than the present value of nonforfeitable benefits of active participants, and

''(iii) the plan has an accumulated funding deficiency for the current plan year, or is projected to have such a deficiency for any of the 4 succeeding plan years, not taking into account any extension of amortization periods under section 304(d).

''(D) A plan is described in this subparagraph if the sum of—

''(i) the fair market value of plan assets, plus

''(ii) the present value of the reasonably anticipated employer contributions for the current plan year and each of the 4 succeeding plan years, assuming that the terms of all collective bargaining agreements pursuant to which the plan is maintained for the current plan year continue in effect for succeeding plan years,

is less than the present value of all benefits projected to be payable under the plan during the current plan year and each of the 4 succeeding plan years (plus administrative expenses for such plan years).

''(3) ANNUAL CERTIFICATION BY PLAN ACTUARY.—

''(A) IN GENERAL.—Not later than the 90th day of each plan year of a multiemployer plan, the plan actuary shall certify to the Secretary of the Treasury and to the plan sponsor—

''(i) whether or not the plan is in endangered status for such plan year and whether or not the plan is or will be in critical status for such plan year, and

''(ii) in the case of a plan which is in a funding improvement or rehabilitation period, whether or not the plan is making the scheduled progress in meeting the requirements of its funding improvement or rehabilitation plan.

''(B) ACTUARIAL PROJECTIONS OF ASSETS AND LIABILITIES.—

''(i) IN GENERAL.—In making the determinations and projections under this subsection, the plan actuary shall make projections required for the current and succeeding plan years of the current value of the assets of the plan and the present value of all liabilities to participants and beneficiaries under the plan for the current plan year as of the beginning of such year. The actuary's projections shall be based on reasonable actuarial estimates, assumptions, and methods that, except as provided in clause (iii), offer the actuary's best estimate of anticipated experience under the plan. The projected present value of liabilities as of the beginning of such year shall be determined based on the most recent of either—

''(I) the actuarial statement required under section 103(d) with respect to the most recently filed annual report, or

''(II) the actuarial valuation for the preceding plan year.

''(ii) DETERMINATIONS OF FUTURE CONTRIBUTIONS.—Any actuarial projection of plan assets shall assume—

''(I) reasonably anticipated employer contributions for the current and succeeding plan years, assuming that the terms of the one or more collective bargaining agreements pursuant to which the plan is maintained for the current plan year continue in effect for succeeding plan years, or

''(II) that employer contributions for the most recent plan year will continue indefinitely, but only if the plan actuary determines there have been no significant demographic changes that would make such assumption unreasonable.

''(iii) PROJECTED INDUSTRY ACTIVITY.—Any projection of activity in the industry or industries covered by the plan, including future covered employment and contribution levels, shall be based on information provided by the plan sponsor, which shall act reasonably and in good faith.

''(C) PENALTY FOR FAILURE TO SECURE TIMELY ACTUARIAL CERTIFICATION.—Any failure of the plan's actuary to certify the plan's status under this subsection by the date specified in subparagraph (A) shall be treated for purposes of section 502(c)(2) as a failure or refusal by the plan administrator to file the

annual report required to be filed with the Secretary under section 101(b)(4).

''(D) NOTICE.—

''(i) IN GENERAL.—In any case in which it is certified under subparagraph (A) that a multiemployer plan is or will be in endangered or critical status for a plan year, the plan sponsor shall, not later than 30 days after the date of the certification, provide notification of the endangered or critical status to the participants and beneficiaries, the bargaining parties, the Pension Benefit Guaranty Corporation, and the Secretary.

''(ii) PLANS IN CRITICAL STATUS.—If it is certified under subparagraph (A) that a multiemployer plan is or will be in critical status, the plan sponsor shall include in the notice under clause (i) an explanation of the possibility that—

''(I) adjustable benefits (as defined in subsection (e)(8)) may be reduced, and

''(II) such reductions may apply to participants and beneficiaries whose benefit commencement date is on or after the date such notice is provided for the first plan year in which the plan is in critical status.

''(iii) MODEL NOTICE.—The Secretary shall prescribe a model notice that a multiemployer plan may use to satisfy the requirements under clause (ii).

''(c) FUNDING IMPROVEMENT PLAN MUST BE ADOPTED FOR MULTIEMPLOYER PLANS IN ENDANGERED STATUS.—

''(1) IN GENERAL.—In any case in which a multiemployer plan is in endangered status for a plan year, the plan sponsor, in accordance with this subsection—

''(A) shall adopt a funding improvement plan not later than 240 days following the required date for the actuarial certification of endangered status under subsection (b)(3)(A), and

''(B) within 30 days after the adoption of the funding improvement plan—

''(i) shall provide to the bargaining parties 1 or more schedules showing revised benefit structures, revised contribution structures, or both, which, if adopted, may reasonably be expected to enable the multiemployer plan to meet the applicable benchmarks in accordance with the funding improvement plan, including—

''(I) one proposal for reductions in the amount of future benefit accruals necessary to achieve the applicable benchmarks, assuming no amendments increasing contributions under the plan (other than amendments increasing contributions necessary to achieve the applicable benchmarks after amendments have reduced future benefit accruals to the maximum extent permitted by law), and

''(II) one proposal for increases in contributions under the plan necessary to achieve the applicable benchmarks, assuming no amendments reducing future benefit accruals under the plan, and

''(ii) may, if the plan sponsor deems appropriate, prepare and provide the bargaining parties with additional information relating to contribution rates or benefit reductions, alternative schedules, or other information relevant to achieving the applicable benchmarks in accordance with the funding improvement plan.

For purposes of this section, the term 'applicable benchmarks' means the requirements applicable to the multiemployer plan under paragraph (3) (as modified by paragraph (5)).

''(2) EXCEPTION FOR YEARS AFTER PROCESS BEGINS.—Paragraph (1) shall not apply to a plan year if such year is in a funding plan adoption period or funding improvement period by reason of the plan being in endangered status for a preceding plan year. For purposes of this section, such preceding plan year shall be the initial determination year with respect to the funding improvement plan to which it relates.

''(3) FUNDING IMPROVEMENT PLAN.—For purposes of this section—

''(A) IN GENERAL.—A funding improvement plan is a plan which consists of the actions, including options or a range of options to be proposed to the bargaining parties, formulated to provide, based on reasonably anticipated experience and reasonable actuarial assumptions, for the attainment by the plan during the funding improvement period of the following requirements:

''(i) INCREASE IN PLAN'S FUNDING PERCENTAGE.—The plan's funded percentage as of the close of the funding improvement period equals or exceeds a percentage equal to the sum of—

''(I) such percentage as of the beginning of such period, plus

''(II) 33 percent of the difference between 100 percent and the percentage under subclause (I).

''(ii) AVOIDANCE OF ACCUMULATED FUNDING DEFICIENCIES.—No accumulated funding deficiency for any plan year during the funding improvement period (taking into account any extension of amortization periods under section 304(d)).

''(B) SERIOUSLY ENDANGERED PLANS.—In the case of a plan in seriously endangered status, except as provided in paragraph (5), subparagraph (A)(i)(II) shall be applied by substituting '20 percent' for '33 percent'.

''(4) FUNDING IMPROVEMENT PERIOD.—For purposes of this section—

''(A) IN GENERAL.—The funding improvement period for any funding improvement plan adopted pursuant to this subsection is the 10-year period beginning on the first day of the first plan year of the multiemployer plan beginning after the earlier of—

''(i) the second anniversary of the date of the adoption of the funding improvement plan, or

''(ii) the expiration of the collective bargaining agreements in effect on the due date for the actuarial certification of endangered status for the initial determination year under subsection (b)(3)(A) and covering, as of such due date, at least 75 percent of the active participants in such multiemployer plan.

''(B) SERIOUSLY ENDANGERED PLANS.—In the case of a plan in seriously endangered status, except as provided in paragraph (5), subparagraph (A) shall be applied by substituting '15-year period' for '10-year period'.

''(C) COORDINATION WITH CHANGES IN STATUS.—

''(i) PLANS NO LONGER IN ENDANGERED STATUS.—If the plan's actuary certifies under subsection (b)(3)(A) for a plan year in any funding plan adoption period or funding improvement period that the plan is no longer in endangered status and is not in critical status, the funding plan adoption period or funding improvement period, whichever is applicable, shall end as of the close of the preceding plan year.

''(ii) PLANS IN CRITICAL STATUS.—If the plan's actuary certifies under subsection (b)(3)(A) for a plan year in any funding plan adoption period or funding improvement period that the plan is in critical status, the funding plan adoption period or funding improvement period, whichever is applicable, shall end as of the close of the plan year preceding the first plan year in the rehabilitation period with respect to such status.

''(D) PLANS IN ENDANGERED STATUS AT END OF PERIOD.—If the plan's actuary certifies under subsection (b)(3)(A) for the first plan year following the close of the period described in subparagraph (A) that the plan is in endangered status, the provisions of this subsection and subsection (d) shall be applied as if such first plan year were an initial determination year, except that the plan may not be amended in a manner inconsistent with the funding improvement plan in effect for the preceding plan year until a new funding improvement plan is adopted.

''(5) SPECIAL RULES FOR SERIOUSLY ENDANGERED PLANS MORE THAN 70 PERCENT FUNDED.—

''(A) IN GENERAL.—If the funded percentage of a plan in seriously endangered status was more than 70 percent as of the beginning of the initial determination year—

''(i) paragraphs (3)(B) and (4)(B) shall apply only if the plan's actuary certifies, within 30 days after the certification under subsection (b)(3)(A) for the initial determination year, that, based on the terms of the plan and the collective bargaining agreements in effect at the time of such certification, the plan is not projected to meet the requirements of paragraph (3)(A) (without regard to paragraphs (3)(B) and (4)(B)), and

''(ii) if there is a certification under clause (i), the plan may, in formulating its funding improvement plan, only take into account the rules of paragraph (3)(B) and (4)(B) for plan years in the funding improvement period beginning on or before the date on which the last of the collective bargaining agreements described in paragraph (4)(A)(ii) expires.

''(B) SPECIAL RULE AFTER EXPIRATION OF AGREEMENTS.—Notwithstanding subparagraph (A)(ii), if, for any plan year ending after the date described in subparagraph (A)(ii), the plan actuary certifies (at the time of the annual certification under subsection (b)(3)(A) for such plan year) that, based on the terms of the plan and collective bargaining agreements in effect at the time of that annual certification, the plan is not projected to be able to meet the requirements of paragraph (3)(A) (without regard to paragraphs (3)(B) and (4)(B)), paragraphs (3)(B) and (4)(B) shall continue to apply for such year.

''(6) UPDATES TO FUNDING IMPROVEMENT PLAN AND SCHEDULES.—

''(A) FUNDING IMPROVEMENT PLAN.—The plan sponsor shall annually update the funding improvement plan and shall file the update with the plan's annual report under section 104.

''(B) SCHEDULES.—The plan sponsor shall annually update any schedule of contribution rates provided under this subsection to reflect the experience of the plan.

''(C) DURATION OF SCHEDULE.—A schedule of contribution rates provided by the plan sponsor and relied upon by bargaining parties in negotiating a collective bargaining agreement shall remain in effect for the duration of that collective bargaining agreement.

''(7) IMPOSITION OF DEFAULT SCHEDULE WHERE FAILURE TO ADOPT FUNDING IMPROVEMENT PLAN.—

''(A) IN GENERAL.—If—

''(i) a collective bargaining agreement providing for contributions under a multiemployer plan that was in effect at the time the plan entered endangered status expires, and

''(ii) after receiving one or more schedules from the plan sponsor under paragraph (1)(B), the bargaining parties with respect to such agreement fail to agree on changes to contribution or benefit schedules necessary to meet the applicable benchmarks in accordance with the funding improvement plan,

the plan sponsor shall implement the schedule described in paragraph (1)(B)(i)(I) beginning on the date specified in subparagraph (B).

''(B) DATE OF IMPLEMENTATION.—The date specified in this subparagraph is the earlier of the date—

''(i) on which the Secretary certifies that the parties are at an impasse, or

''(ii) which is 180 days after the date on which the collective bargaining agreement described in subparagraph (A) expires.

''(8) FUNDING PLAN ADOPTION PERIOD.—For purposes of this section, the term 'funding plan adoption period' means the period beginning on the date of the certification under subsection (b)(3)(A) for the initial determination year and ending on the day before the first day of the funding improvement period.

''(d) RULES FOR OPERATION OF PLAN DURING ADOPTION AND IMPROVEMENT PERIODS.—

''(1) SPECIAL RULES FOR PLAN ADOPTION PERIOD.—During the funding plan adoption period—

''(A) the plan sponsor may not accept a collective bargaining agreement or participation agreement with respect to the multiemployer plan that provides for—

''(i) a reduction in the level of contributions for any participants,

''(ii) a suspension of contributions with respect to any period of service, or

''(iii) any new direct or indirect exclusion of younger or newly hired employees from plan participation,

''(B) no amendment of the plan which increases the liabilities of the plan by reason of any increase in benefits, any change in the accrual of benefits, or any change in the rate at which benefits become nonforfeitable under the plan may be adopted unless the amendment is required as a condition of qualification under part I of subchapter D of chapter 1 of the Internal Revenue Code of 1986 or to comply with other applicable law, and

''(C) in the case of a plan in seriously endangered status, the plan sponsor shall take all reasonable actions which are consistent with the terms of the plan and applicable law and which are expected, based on reasonable assumptions, to achieve—

''(i) an increase in the plan's funded percentage, and

''(ii) postponement of an accumulated funding deficiency for at least 1 additional plan year.

Actions under subparagraph (C) include applications for extensions of amortization periods under section 304(d), use of the shortfall funding method in making funding standard account computations, amendments to the plan's benefit structure, reductions in future benefit accruals, and other reasonable actions consistent with the terms of the plan and applicable law.

''(2) COMPLIANCE WITH FUNDING IMPROVEMENT PLAN.—

''(A) IN GENERAL.—A plan may not be amended after the date of the adoption of a funding improvement plan so as to be inconsistent with the funding improvement plan.

''(B) NO REDUCTION IN CONTRIBUTIONS.—A plan sponsor may not during any funding improvement period accept a collective bargaining agreement or participation agreement with respect to the multiemployer plan that provides for—

''(i) a reduction in the level of contributions for any participants,

''(ii) a suspension of contributions with respect to any period of service, or

''(iii) any new direct or indirect exclusion of younger or newly hired employees from plan participation.

''(C) SPECIAL RULES FOR BENEFIT INCREASES.—A plan may not be amended after the date of the adoption of a funding improvement plan so as to increase benefits, including future benefit accruals, unless the plan actuary certifies that the benefit increase is consistent with the funding improvement plan and is paid for out of contributions not required by the funding improvement plan to meet the applicable benchmark in accordance with the schedule contemplated in the funding improvement plan.

''(e) REHABILITATION PLAN MUST BE ADOPTED FOR MULTIEMPLOYER PLANS IN CRITICAL STATUS.—

''(1) IN GENERAL.—In any case in which a multiemployer plan is in critical status for a plan year, the plan sponsor, in accordance with this subsection—

''(A) shall adopt a rehabilitation plan not later than 240 days following the required date for the actuarial certification of critical status under subsection (b)(3)(A), and

''(B) within 30 days after the adoption of the rehabilitation plan—

''(i) shall provide to the bargaining parties 1 or more schedules showing revised benefit structures, revised contribution structures, or both, which, if adopted, may reasonably be expected to enable the multiemployer plan to emerge from critical status in accordance with the rehabilitation plan, and

''(ii) may, if the plan sponsor deems appropriate, prepare and provide the bargaining parties with additional information relating to contribution rates or benefit reductions, alternative schedules, or other information relevant to emerging from critical status in accordance with the rehabilitation plan.

The schedule or schedules described in subparagraph (B)(i) shall reflect reductions in future benefit accruals and adjustable benefits, and increases in contributions, that the plan sponsor determines are reasonably necessary to emerge from critical status. One schedule shall be designated as the default schedule and such schedule shall assume that there are no increases in contributions under the plan other than the increases necessary to emerge from critical status after future benefit accruals and other benefits (other than benefits the reduction or elimination of which are not permitted under section 204(g)) have been reduced to the maximum extent permitted by law.

''(2) EXCEPTION FOR YEARS AFTER PROCESS BEGINS.—Paragraph (1) shall not apply to a plan year if such year is in a rehabilitation plan adoption period or rehabilitation period by reason of the plan being in critical status for a preceding plan year. For purposes of this section, such preceding plan year shall be the initial critical year with respect to the rehabilitation plan to which it relates.

''(3) REHABILITATION PLAN.—For purposes of this section—

''(A) IN GENERAL.—A rehabilitation plan is a plan which consists of—

''(i) actions, including options or a range of options to be proposed to the bargaining parties, formulated, based on reasonably anticipated experience and reasonable actuarial assumptions, to enable the plan to cease to be in critical status by the end of the rehabilitation period and may include reductions in plan expenditures (including plan mergers and consolidations), reductions in future benefit accruals or increases in contributions, if agreed to by the bargaining parties, or any combination of such actions, or

''(ii) if the plan sponsor determines that, based on reasonable actuarial assumptions and upon exhaustion of all reasonable measures, the plan can not reasonably be expected to emerge from critical status by the end of the rehabilitation period, reasonable measures to emerge from critical status at a later time or to forestall possible insolvency (within the meaning of section 4245).

A rehabilitation plan must provide annual standards for meeting the requirements of such rehabilitation plan. Such plan shall also include the schedules required to be provided under paragraph (1)(B)(i) and if clause (ii) applies, shall set forth the alternatives considered, explain why the plan is not reasonably expected to emerge from critical status by the end of the rehabilitation period, and specify when, if ever, the plan is expected to emerge from critical status in accordance with the rehabilitation plan.

''(B) UPDATES TO REHABILITATION PLAN AND SCHEDULES.—

''(i) REHABILITATION PLAN.—The plan sponsor shall annually update the rehabilitation plan and shall file the update with the plan's annual report under section 104.

''(ii) SCHEDULES.—The plan sponsor shall annually update any schedule of contribution rates provided under this subsection to reflect the experience of the plan.

''(iii) DURATION OF SCHEDULE.—A schedule of contribution rates provided by the plan sponsor and relied upon by bargaining parties in negotiating a collective bargaining agreement shall remain in effect for the duration of that collective bargaining agreement.

''(C) IMPOSITION OF DEFAULT SCHEDULE WHERE FAILURE TO ADOPT REHABILITATION PLAN.—

''(i) IN GENERAL.—If—

''(I) a collective bargaining agreement providing for contributions under a multiemployer plan that was in effect at the time the plan entered critical status expires, and

''(II) after receiving one or more schedules from the plan sponsor under paragraph (1)(B), the bargaining parties with respect to such agreement fail to adopt a contribution or benefit schedules with terms consistent with the rehabilitation plan and the schedule from the plan sponsor under paragraph (1)(B)(i),

the plan sponsor shall implement the default schedule described in the last sentence of paragraph (1) beginning on the date specified in clause (ii).

''(ii) DATE OF IMPLEMENTATION.—The date specified in this clause is the earlier of the date—

''(I) on which the Secretary certifies that the parties are at an impasse, or

''(II) which is 180 days after the date on which the collective bargaining agreement described in clause (i) expires.

''(4) REHABILITATION PERIOD.—For purposes of this section—

''(A) IN GENERAL.—The rehabilitation period for a plan in critical status is the 10-year period beginning on the first day of the first plan year of the multiemployer plan following the earlier of—

''(i) the second anniversary of the date of the adoption of the rehabilitation plan, or

''(ii) the expiration of the collective bargaining agreements in effect on the date of the due date for the actuarial certification of critical status for the initial critical year under subsection (a)(1) and covering, as of such date at least 75 percent of the active participants in such multiemployer plan.

If a plan emerges from critical status as provided under subparagraph (B) before the end of such 10-year period, the rehabilitation period shall end with the plan year preceding the plan year for which the determination under subparagraph (B) is made.

''(B) EMERGENCE.—A plan in critical status shall remain in such status until a plan year for which the plan actuary certifies, in accordance with subsection (b)(3)(A), that the plan is not projected to have an accumulated funding deficiency for the plan year or any of the 9 succeeding plan years, without regard to the use of the shortfall method and taking into account any extension of amortization periods under section 304(d).

''(5) REHABILITATION PLAN ADOPTION PERIOD.—For purposes of this section, the term 'rehabilitation plan adoption period' means the period beginning on the date of the certification under subsection (b)(3)(A) for the

initial critical year and ending on the day before the first day of the rehabilitation period.

''(6) LIMITATION ON REDUCTION IN RATES OF FUTURE ACCRUALS.—Any reduction in the rate of future accruals under the default schedule described in paragraph (1)(B)(i) shall not reduce the rate of future accruals below—

''(A) a monthly benefit (payable as a single life annuity commencing at the participant's normal retirement age) equal to 1 percent of the contributions required to be made with respect to a participant, or the equivalent standard accrual rate for a participant or group of participants under the collective bargaining agreements in effect as of the first day of the initial critical year, or

''(B) if lower, the accrual rate under the plan on such first day.

The equivalent standard accrual rate shall be determined by the plan sponsor based on the standard or average contribution base units which the plan sponsor determines to be representative for active participants and such other factors as the plan sponsor determines to be relevant. Nothing in this paragraph shall be construed as limiting the ability of the plan sponsor to prepare and provide the bargaining parties with alternative schedules to the default schedule that established lower or higher accrual and contribution rates than the rates otherwise described in this paragraph.

''(7) AUTOMATIC EMPLOYER SURCHARGE.—

''(A) IMPOSITION OF SURCHARGE.—Each employer otherwise obligated to make contributions for the initial critical year shall be obligated to pay to the plan for such year a surcharge equal to 5 percent of the contributions otherwise required under the applicable collective bargaining agreement (or other agreement pursuant to which the employer contributes). For each succeeding plan year in which the plan is in critical status for a consecutive period of years beginning with the initial critical year, the surcharge shall be 10 percent of the contributions otherwise so required.

''(B) ENFORCEMENT OF SURCHARGE.—The surcharges under subparagraph (A) shall be due and payable on the same schedule as the contributions on which the surcharges are based. Any failure to make a surcharge payment shall be treated as a delinquent contribution under section 515 and shall be enforceable as such.

''(C) SURCHARGE TO TERMINATE UPON COLLECTIVE BARGAINING AGREEMENT RENEGOTIATION.—The surcharge under this paragraph shall cease to be effective with respect to employees covered by a collective bargaining agreement (or other agreement pursuant to which the employer contributes), beginning on the effective date of a collective bargaining agreement (or other such agreement) that includes terms consistent with a schedule presented by the plan sponsor under paragraph (1)(B)(i), as modified under subparagraph (B) of paragraph (3).

''(D) SURCHARGE NOT TO APPLY UNTIL EMPLOYER RECEIVES NOTICE.—The surcharge under this paragraph shall not apply to an employer until 30 days after the employer has been notified by the plan sponsor that the plan is in critical status and that the surcharge is in effect.

''(E) SURCHARGE NOT TO GENERATE INCREASED BENEFIT ACCRUALS.—Notwithstanding any provision of a plan to the contrary, the amount of any surcharge under this paragraph shall not be the basis for any benefit accrual under the plan.

''(8) BENEFIT ADJUSTMENTS.—

''(A) ADJUSTABLE BENEFITS.—

''(i) IN GENERAL.—Notwithstanding section 204(g), the plan sponsor shall, subject to the notice requirements in subparagraph (C), make any reductions to adjustable benefits which the plan sponsor deems appropriate, based upon the outcome of collective bargaining over the schedule or schedules provided under paragraph (1)(B)(i).

''(ii) EXCEPTION FOR RETIREES.—Except in the case of adjustable benefits described in clause (iv)(III), the plan sponsor of a plan in critical status shall not reduce adjustable benefits of any participant or beneficiary whose benefit commencement date is before the date on which the plan provides notice to the participant or beneficiary under subsection (b)(3)(D) for the initial critical year.

''(iii) PLAN SPONSOR FLEXIBILITY.—The plan sponsor shall include in the schedules provided to the bargaining parties an allowance for funding the benefits of participants with respect to whom contributions are not currently required to be made, and shall reduce their benefits to the extent permitted under this title and considered appropriate by the plan sponsor based on the plan's then current overall funding status.

''(iv) ADJUSTABLE BENEFIT DEFINED.—For purposes of this paragraph, the term 'adjustable benefit' means—

''(I) benefits, rights, and features under the plan, including post-retirement death benefits, 60-month guarantees, disability benefits not yet in pay status, and similar benefits,

''(II) any early retirement benefit or retirement-type subsidy (within the meaning of section 204(g)(2)(A)) and any benefit payment option (other than the qualified joint-and survivor annuity), and

''(III) benefit increases that would not be eligible for a guarantee under section 4022A on the first day of initial critical year because the increases were adopted (or, if later, took effect) less than 60 months before such first day.

''(B) NORMAL RETIREMENT BENEFITS PROTECTED.—Except as provided in subparagraph (A)(iv)(III), nothing in this paragraph shall be construed to permit a plan to reduce the level of a participant's accrued benefit payable at normal retirement age.

''(C) NOTICE REQUIREMENTS.—

''(i) IN GENERAL.—No reduction may be made to adjustable benefits under subparagraph (A) unless notice of such reduction has been given at least 30 days before the general effective date of such reduction for all participants and beneficiaries to—

''(I) plan participants and beneficiaries,

''(II) each employer who has an obligation to contribute (within the meaning of section 4212(a)) under the plan, and

''(III) each employee organization which, for purposes of collective bargaining, represents plan participants employed by such an employer.

''(ii) CONTENT OF NOTICE.—The notice under clause (i) shall contain—

''(I) sufficient information to enable participants and beneficiaries to understand the effect of any reduction on their benefits, including an estimate (on an annual or monthly basis) of any affected adjustable benefit that a participant or beneficiary would otherwise have been eligible for as of the general effective date described in clause (i), and

''(II) information as to the rights and remedies of plan participants and beneficiaries as well as how to contact the Department of Labor for further information and assistance where appropriate.

''(iii) FORM AND MANNER.—Any notice under clause (i)—

''(I) shall be provided in a form and manner prescribed in regulations of the Secretary,

''(II) shall be written in a manner so as to be understood by the average plan participant, and

''(III) may be provided in written, electronic, or other appropriate form to the extent such form is reasonably accessible to persons to whom the notice is required to be provided.

The Secretary shall in the regulations prescribed under subclause (I) establish a model notice that a plan sponsor may use to meet the requirements of this subparagraph.

''(9) ADJUSTMENTS DISREGARDED IN WITHDRAWAL LIABILITY DETERMINATION.—

''(A) BENEFIT REDUCTIONS.—Any benefit reductions under this subsection shall be disregarded in determining a plan's unfunded vested benefits for purposes of determining an employer's withdrawal liability under section 4201.

''(B) SURCHARGES.—Any surcharges under paragraph (7) shall be disregarded in determining an employer's withdrawal liability under section 4211, except for purposes of determining the unfunded vested benefits attributable to an employer under section 4211(c)(4) or a comparable method approved under section 4211(c)(5).

''(C) SIMPLIFIED CALCULATIONS.—The Pension Benefit Guaranty Corporation shall prescribe simplified methods for the application of this paragraph in determining withdrawal liability.

''(f) RULES FOR OPERATION OF PLAN DURING ADOPTION AND REHABILITATION PERIOD.—

''(1) COMPLIANCE WITH REHABILITATION PLAN.—

''(A) IN GENERAL.—A plan may not be amended after the date of the adoption of a rehabilitation plan under subsection (e) so as to be inconsistent with the rehabilitation plan.

''(B) SPECIAL RULES FOR BENEFIT INCREASES.—A plan may not be amended after the date of the adoption of a rehabilitation plan under subsection (e) so as to increase benefits, including future benefit accruals, unless the plan actuary certifies that such increase is paid for out of additional contributions not contemplated by the rehabilitation plan, and, after taking into account the benefit increase, the multiemployer plan still is reasonably expected to emerge from critical status by the end of the rehabilitation period on the schedule contemplated in the rehabilitation plan.

''(2) RESTRICTION ON LUMP SUMS AND SIMILAR BENEFITS.—

''(A) IN GENERAL.—Effective on the date the notice of certification of the plan's critical status for the initial critical year under subsection (b)(3)(D) is sent, and notwithstanding section 204(g), the plan shall not pay—

''(i) any payment, in excess of the monthly amount paid under a single life annuity (plus any social security supplements described in the last sentence of section 204(b)(1)(G)),

''(ii) any payment for the purchase of an irrevocable commitment from an insurer to pay benefits, and

''(iii) any other payment specified by the Secretary of the Treasury by regulations.

''(B) EXCEPTION.—Subparagraph (A) shall not apply to a benefit which under section 203(e) may be immediately distributed without the consent of the participant or to any makeup payment in the case of a retroactive annuity starting date or any similar payment of benefits owed with respect to a prior period.

''(3) ADJUSTMENTS DISREGARDED IN WITHDRAWAL LIABILITY DETERMINATION.—Any benefit reductions under this subsection shall be disregarded in determining a plan's unfunded vested benefits for purposes of determining an employer's withdrawal liability under section 4201.

''(4) SPECIAL RULES FOR PLAN ADOPTION PERIOD.—During the rehabilitation plan adoption period—

''(A) the plan sponsor may not accept a collective bargaining agreement or participation agreement with respect to the multiemployer plan that provides for—

''(i) a reduction in the level of contributions for any participants,

''(ii) a suspension of contributions with respect to any period of service, or

''(iii) any new direct or indirect exclusion of younger or newly hired employees from plan participation, and

''(B) no amendment of the plan which increases the liabilities of the plan by reason of any increase in benefits, any change in the accrual of benefits, or any change in the rate at which benefits become nonforfeitable under the plan may be adopted unless the amendment is required as a condition of qualification under part I of subchapter D of chapter 1 of the Internal Revenue Code of 1986 or to comply with other applicable law.

''(g) EXPEDITED RESOLUTION OF PLAN SPONSOR DECISIONS.—If, within 60 days of the due date for adoption of a funding improvement plan or a rehabilitation plan under subsection (e), the plan sponsor of a plan in endangered status or a plan in critical status has not agreed on a funding improvement plan or rehabilitation plan, then any member of the board or group that constitutes the plan sponsor may require that the plan sponsor enter into an expedited dispute resolution procedure for the development and adoption of a funding improvement plan or rehabilitation plan.

''(h) NONBARGAINED PARTICIPATION.—

''(1) BOTH BARGAINED AND NONBARGAINED EMPLOYEE-PARTICIPANTS.—In the case of an employer that contributes to a multiemployer plan with respect to both employees who are covered by one or more collective bargaining agreements and employees who are not so covered, if the plan is in endangered status or in critical status, benefits of and contributions for the nonbargained employees, including surcharges on those contributions, shall be determined as if those nonbargained employees were covered under the first to expire of the employer's collective bargaining agreements in effect when the plan entered endangered or critical status.

''(2) NONBARGAINED EMPLOYEES ONLY.—In the case of an employer that contributes to a multiemployer plan only with respect to employees who are not covered by a collective bargaining agreement, this section shall be applied as if the employer were the bargaining party, and its participation agreement with the plan were a collective bargaining agreement with a term ending on the first day of the plan year beginning after the employer is provided the schedule or schedules described in subsections (c) and (e).

''(i) DEFINITIONS; ACTUARIAL METHOD.—For purposes of this section—

''(1) BARGAINING PARTY.—The term 'bargaining party' means—

''(A)(i) except as provided in clause (ii), an employer who has an obligation to contribute under the plan; or

''(ii) in the case of a plan described under section 404(c) of the Internal Revenue Code of 1986, or a continuation of such a plan, the association of employers that is the employer settlor of the plan; and

''(B) an employee organization which, for purposes of collective bargaining, represents plan participants employed by an employer who has an obligation to contribute under the plan.

''(2) FUNDED PERCENTAGE.—The term 'funded percentage' means the percentage equal to a fraction—

''(A) the numerator of which is the value of the plan's assets, as determined under section 304(c)(2), and

''(B) the denominator of which is the accrued liability of the plan, determined using actuarial assumptions described in section 304(c)(3).

''(3) ACCUMULATED FUNDING DEFICIENCY.—The term 'accumulated funding deficiency' has the meaning given such term in section 304(a).

''(4) ACTIVE PARTICIPANT.—The term 'active participant' means, in connection with a multiemployer plan, a participant who is in covered service under the plan.

''(5) INACTIVE PARTICIPANT.—The term 'inactive participant' means, in connection with a multiemployer plan, a participant, or the beneficiary or alternate payee of a participant, who—

''(A) is not in covered service under the plan, and

''(B) is in pay status under the plan or has a nonforfeitable right to benefits under the plan.

''(6) PAY STATUS.—A person is in pay status under a multiemployer plan if—

''(A) at any time during the current plan year, such person is a participant or beneficiary under the plan and is paid an early, late, normal, or disability retirement benefit under the plan (or a death benefit under the plan related to a retirement benefit), or

''(B) to the extent provided in regulations of the Secretary of the Treasury, such person is entitled to such a benefit under the plan.

''(7) OBLIGATION TO CONTRIBUTE.—The term 'obligation to contribute' has the meaning given such term under section 4212(a).

''(8) ACTUARIAL METHOD.—Notwithstanding any other provision of this section, the actuary's determinations with respect to a plan's normal cost, actuarial accrued liability, and improvements in a plan's funded percentage under this section shall be based upon the unit credit funding method (whether or not that method is used for the plan's actuarial valuation).

''(9) PLAN SPONSOR.—In the case of a plan described under section 404(c) of the Internal Revenue Code of 1986, or a continuation of such a plan, the term 'plan sponsor' means the bargaining parties described under paragraph (1).

''(10) BENEFIT COMMENCEMENT DATE.—The term 'benefit commencement date' means the annuity starting date (or in the case of a retroactive annuity starting date, the date on which benefit payments begin).''.

(b) ENFORCEMENT.—Section 502 of the Employee Retirement Income Security Act of 1974 (29 U.S.C. 1132) is amended—

(1) in subsection (a)(6) by striking ''(6), or (7)'' and inserting ''(6), (7), or (8)'';

(2) by redesignating subsection (c)(8) as subsection (c)(9); and

(3) by inserting after subsection (c)(7) the following new paragraph:

''(8) The Secretary may assess against any plan sponsor of a multiemployer plan a civil penalty of not more than $1,100 per day—

''(A) for each violation by such sponsor of the requirement under section 305 to adopt by the deadline established in that section a funding improvement plan or rehabilitation plan with respect to a multiemployer which is in endangered or critical status, or

''(B) in the case of a plan in endangered status which is not in seriously endangered status, for failure by the plan to meet the applicable benchmarks under section 305 by the end of the funding improvement period with respect to the plan.''.

(c) CAUSE OF ACTION TO COMPEL ADOPTION OR IMPLEMENTATION OF FUNDING IMPROVEMENT OR REHABILITATION PLAN.—Section 502(a) of the Employee Retirement Income Security Act of 1974 is amended by striking ''or'' at the end of paragraph (8), by striking the period at the end of paragraph (9) and inserting ''; or'' and by adding at the end the following:

''(10) in the case of a multiemployer plan that has been certified by the actuary to be in endangered or critical status under section 305, if the plan sponsor—

''(A) has not adopted a funding improvement or rehabilitation plan under that section by the deadline established in such section, or

''(B) fails to update or comply with the terms of the funding improvement or rehabilitation plan in accordance with the requirements of such section,

by an employer that has an obligation to contribute with respect to the multiemployer plan or an employee organization that represents active participants in the multiemployer plan, for an order compelling the plan sponsor to adopt a funding improvement or rehabilitation plan or to update or comply with the terms of the funding improvement or rehabilitation plan in accordance with the requirements of such section and the funding improvement or rehabilitation plan.''.

(d) NO ADDITIONAL CONTRIBUTIONS REQUIRED.—Section 302(b) of the Employee Retirement Income Security Act of 1974, as amended by this Act, is amended by adding at the end the following new paragraph:

''(3) MULTIEMPLOYER PLANS IN CRITICAL STATUS.—Paragraph (1) shall not apply in the case of a multiemployer plan for any plan year in which the plan is in critical status pursuant to section 305. This paragraph shall only apply if the plan adopts a rehabilitation plan in accordance with section 305(e) and complies with the terms of such rehabilitation plan (and any updates or modifications of the plan).''.

(e) CONFORMING AMENDMENT.—The table of contents in section 1 of such Act (as amended by the preceding provisions of this Act) is amended by inserting after the item relating to section 304 the following new item:

''Sec. 305. Additional funding rules for multiemployer plans in endangered status or critical status.''.

(f) EFFECTIVE DATES.—

(1) IN GENERAL.—The amendments made by this section shall apply with respect to plan years beginning after 2007.

(2) SPECIAL RULE FOR CERTAIN NOTICES.—In any case in which a plan's actuary certifies that it is reasonably expected that a multiemployer plan will be in critical status under section 305(b)(3) of the Employee Retirement Income Security Act of 1974, as added by this section, with respect to the first plan year beginning after 2007, the notice required under subparagraph (D) of such section may be provided at any time after the date of enactment, so long as it is provided on or before the last date for providing the notice under such subparagraph.

(3) SPECIAL RULE FOR CERTAIN RESTORED BENEFITS.—In the case of a multiemployer plan—

(A) with respect to which benefits were reduced pursuant to a plan amendment adopted on or after January 1, 2002, and before June 30, 2005, and

(B) which, pursuant to the plan document, the trust agreement, or a formal written communication from the plan sponsor to participants provided before June 30, 2005, provided for the restoration of such benefits, the amendments made by this section shall not apply to such benefit restorations to the extent that any restriction on the providing or accrual of such benefits would otherwise apply by reason of such amendments.

SEC. 203. MEASURES TO FORESTALL INSOLVENCY OF MULTIEMPLOYER PLANS.

(a) ADVANCE DETERMINATION OF IMPENDING INSOLVENCY OVER 5 YEARS.—Section

4245(d)(1) of the Employee Retirement Income Security Act of 1974 (29 U.S.C. 1426(d)(1)) is amended—

(1) by striking ''3 plan years'' the second place it appears and inserting ''5 plan years''; and

(2) by adding at the end the following new sentence: ''If the plan sponsor makes such a determination that the plan will be insolvent in any of the next 5 plan years, the plan sponsor shall make the comparison under this paragraph at least annually until the plan sponsor makes a determination that the plan will not be insolvent in any of the next 5 plan years.''.

(b) EFFECTIVE DATE.—The amendments made by this section shall apply with respect to determinations made in plan years beginning after 2007.

SEC. 204. WITHDRAWAL LIABILITY REFORMS.

(a) UPDATE OF RULES RELATING TO LIMITATIONS ON WITHDRAWAL LIABILITY.—

(1) INCREASE IN LIMITS.—Section 4225(a)(2) of such Act (29 U.S.C. 1405(a)(2)) is amended by striking the table contained therein and inserting the following new table:

''If the liquidation or distribution value of the employer after the sale or exchange is—	The portion is—
Not more than $5,000,000	30 percent of the amount.
More than $5,000,000, but not more than $10,000,000	$1,500,000, plus 35 percent of the amount in excess of $5,000,000.
More than $10,000,000, but not more than $15,000,000	$3,250,000, plus 40 percent of the amount in excess of $10,000,000.
More than $15,000,000, but not more than $17,500,000	$5,250,000, plus 45 percent of the amount in excess of $15,000,000.
More than $17,500,000, but not more than $20,000,000	$6,375,000, plus 50 percent of the amount in excess of $17,500,000.
More than $20,000,000, but not more than $22,500,000	$7,625,000, plus 60 percent of the amount in excess of $20,000,000.
More than $22,500,000, but not more than $25,000,000	$9,125,000, plus 70 percent of the amount in excess of $22,500,000.
More than $25,000,000	$10,875,000, plus 80 percent of the amount in excess of $25,000,000.''.

(2) PLANS USING ATTRIBUTABLE METHOD.—Section 4225(a)(1)(B) of such Act (29 U.S.C. 1405(a)(1)(B)) is amended to read as follows:

''(B) in the case of a plan using the attributable method of allocating withdrawal liability, the unfunded vested benefits attributable to employees of the employer.''.

(3) EFFECTIVE DATE.—The amendments made by this subsection shall apply to sales occurring on or after January 1, 2007.

(b) WITHDRAWAL LIABILITY CONTINUES IF WORK CONTRACTED OUT.—

(1) IN GENERAL.—Clause (i) of section 4205(b)(2)(A) of such Act (29 U.S.C. 1385(b)(2)(A)) is amended by inserting ''or to an entity or entities owned or controlled by the employer'' after ''to another location''.

(2) EFFECTIVE DATE.—The amendment made by this subsection shall apply with respect to work transferred on or after the date of the enactment of this Act.

(c) APPLICATION OF RULES TO PLANS PRIMARILY COVERING EMPLOYEES IN THE BUILDING AND CONSTRUCTION INDUSTRY.—

(1) IN GENERAL.—Section 4210(b) of such Act (29 U.S.C. 1390(b)) is amended—

(A) by striking paragraph (1); and

(B) by redesignating paragraphs (2) through (4) as paragraphs (1) through (3), respectively.

(2) FRESH START OPTION.—Section 4211(c)(5) of such Act (29 U.S.C. 1391(c)(5)) is amended by adding at the end the following new subparagraph:

''(E) FRESH START OPTION.—Notwithstanding paragraph (1), a plan may be amended to provide that the withdrawal liability method described in subsection (b) shall be applied by substituting the plan year which is specified in the amendment and for which the plan has no unfunded vested benefits for the plan year ending before September 26, 1980.''.

(3) EFFECTIVE DATE.—The amendments made by this subsection shall apply with respect to plan withdrawals occurring on or after January 1, 2007.

(d) PROCEDURES APPLICABLE TO DISPUTES INVOLVING PENSION PLAN WITHDRAWAL LIABILITY.—

(1) IN GENERAL.—Section 4221 of Employee Retirement Income Security Act of 1974 (29 U.S.C. 1401) is amended by adding at the end the following:

''(g) PROCEDURES APPLICABLE TO CERTAIN DISPUTES.—

''(1) IN GENERAL.—If—

''(A) a plan sponsor of a plan determines that—

''(i) a complete or partial withdrawal of an employer has occurred, or

''(ii) an employer is liable for withdrawal liability payments with respect to such complete or partial withdrawal, and

''(B) such determination is based in whole or in part on a finding by the plan sponsor under section 4212(c) that a principal purpose of any transaction which occurred after December 31, 1998, and at least 5 years (2 years in the case of a small employer) before the date of the complete or partial withdrawal was to evade or avoid withdrawal liability under this subtitle,

then the person against which the withdrawal liability is assessed based solely on the application of section 4212(c) may elect to use the special rule under paragraph (2) in applying subsection (d) of this section and section 4219(c) to such person.

''(2) SPECIAL RULE.—Notwithstanding subsection (d) and section 4219(c), if an electing person contests the plan sponsor's determination with respect to withdrawal liability payments under paragraph (1) through an arbitration proceeding pursuant to subsection (a), through an action brought in a court of competent jurisdiction for review of such an arbitration decision, or as otherwise permitted by law, the electing person shall not be obligated to make the withdrawal liability payments until a final decision in the arbitration proceeding, or in court, upholds the plan sponsor's determination, but only if the electing person—

''(A) provides notice to the plan sponsor of its election to apply the special rule in this paragraph within 90 days after the plan sponsor notifies the electing person of its liability by reason of the application of section 4212(c); and

''(B) if a final decision in the arbitration proceeding, or in court, of the withdrawal liability dispute has not been rendered within 12 months from the date of such notice, the electing person provides to the plan, effective as of the first day following the 12-month period, a bond issued by a corporate surety company that is an acceptable surety for purposes of section 412 of this Act, or an amount held in escrow by a bank or similar financial institution satisfactory to the plan, in an amount equal to the sum of the withdrawal liability payments that would otherwise be due under subsection (d) and section 4219(c) for the 12-month period beginning with the first anniversary of such notice. Such bond or escrow shall remain in effect until there is a final decision in the arbitration proceeding, or in court, of the withdrawal liability dispute, at which time such bond or escrow shall be paid to the plan if such final decision upholds the plan sponsor's determination.

''(3) DEFINITION OF SMALL EMPLOYER.—For purposes of this subsection—

''(A) IN GENERAL.—The term 'small employer' means any employer which, for the calendar year in which the transaction referred to in paragraph (1)(B) occurred and for each of the 3 preceding years, on average—

''(i) employs not more than 500 employees, and

''(ii) is required to make contributions to the plan for not more than 250 employees.

''(B) CONTROLLED GROUP.—Any group treated as a single employer under subsection (b)(1) of section 4001, without regard to any transaction that was a basis for the plan's finding under section 4212, shall be treated as a single employer for purposes of this subparagraph.

''(4) ADDITIONAL SECURITY PENDING RESOLUTION OF DISPUTE.—If a withdrawal liability dispute to which this subsection applies is not concluded by 12 months after the electing person posts the bond or escrow described in paragraph (2), the electing person shall, at the start of each succeeding 12-month period, provide an additional bond or amount held in escrow equal to the sum of the withdrawal liability payments that would otherwise be payable to the plan during that period.

''(5) The liability of the party furnishing a bond or escrow under this subsection shall be reduced, upon the payment of the bond or escrow to the plan, by the amount thereof.''

(2) EFFECTIVE DATE.—The amendments made by this subsection shall apply to any person that receives a notification under section 4219(b)(1) of the Employee Retirement Income Security Act of 1974 on or after the date of enactment of this Act with respect to a transaction that occurred after December 31, 1998.

SEC. 205. PROHIBITION ON RETALIATION AGAINST EMPLOYERS EXERCISING THEIR RIGHTS TO PETITION THE FEDERAL GOVERNMENT.

Section 510 of the Employee Retirement Income Security Act of 1974 (29 U.S.C. 1140) is amended by inserting before the last sentence thereof the following new sentence:''In the case of a multiemployer plan, it shall be unlawful for the plan sponsor or any other person to discriminate against any contributing employer for exercising rights under this Act or for giving information or testifying in any inquiry or proceeding relating to this Act before Congress.''

SEC. 206. SPECIAL RULE FOR CERTAIN BENEFITS FUNDED UNDER AN AGREEMENT APPROVED BY THE PENSION BENEFIT GUARANTY CORPORATION.

In the case of a multiemployer plan that is a party to an agreement that was approved by the Pension Benefit Guaranty Corporation prior to June 30, 2005, and that—

(1) increases benefits, and

(2) provides for special withdrawal liability rules under section 4203(f) of the Employee Retirement Income Security Act of 1974 (29 U.S.C. 1383),

the amendments made by sections 201, 202, 211, and 212 of this Act shall not apply to the benefit increases under any plan amendment adopted prior to June 30, 2005, that are funded pursuant to such agreement if the plan is funded in compliance with such agreement (and any amendments thereto).

Subtitle B—Amendments to Internal Revenue Code of 1986

SEC. 211. FUNDING RULES FOR MULTIEMPLOYER DEFINED BENEFIT PLANS.

(a) IN GENERAL.—Subpart A of part III of subchapter D of chapter 1 of the Internal Revenue Code of 1986 (as added by this Act) is amended by inserting after section 430 the following new section:

"SEC. 431. MINIMUM FUNDING STANDARDS FOR MULTIEMPLOYER PLANS.

''(a) IN GENERAL.—For purposes of section 412, the accumulated funding deficiency of a multiemployer plan for any plan year is—

''(1) except as provided in paragraph (2), the amount, determined as of the end of the plan year, equal to the excess (if any) of the total charges to the funding standard account of the plan for all plan years (beginning with the first plan year for which this part applies to the plan) over the total credits to such account for such years, and

''(2) if the multiemployer plan is in reorganization for any plan year, the accumulated funding deficiency of the plan determined under section 4243 of the Employee Retirement Income Security Act of 1974.

''(b) FUNDING STANDARD ACCOUNT.—

''(1) ACCOUNT REQUIRED.—Each multiemployer plan to which this part applies shall establish and maintain a funding standard account. Such account shall be credited and charged solely as provided in this section.

''(2) CHARGES TO ACCOUNT.—For a plan year, the funding standard account shall be charged with the sum of—

''(A) the normal cost of the plan for the plan year,

''(B) the amounts necessary to amortize in equal annual installments (until fully amortized)—

''(i) in the case of a plan which comes into existence on or after January 1, 2008, the unfunded past service liability under the plan on the first day of the first plan year to which this section applies, over a period of 15 plan years,

''(ii) separately, with respect to each plan year, the net increase (if any) in unfunded past service liability under the plan arising from plan amendments adopted in such year, over a period of 15 plan years,

''(ii) separately, with respect to each plan year, the net increase (if any) in unfunded past service liability under the plan arising from plan amendments adopted in such year, over a period of 15 plan years,

''(iii) separately, with respect to each plan year, the net experience loss (if any) under the plan, over a period of 15 plan years, and

''(iv) separately, with respect to each plan year, the net loss (if any) resulting from changes in actuarial assumptions used under the plan, over a period of 15 plan years,

''(C) the amount necessary to amortize each waived funding deficiency (within the meaning of section 412(c)(3)) for each prior plan year in equal annual installments (until fully amortized) over a period of 15 plan years,

''(D) the amount necessary to amortize in equal annual installments (until fully amortized) over a period of 5 plan years any amount credited to the funding standard account under section 412(b)(3)(D) (as in effect on the day before the date of the enactment of the Pension Protection Act of 2006), and

''(E) the amount necessary to amortize in equal annual installments (until fully amortized) over a period of 20 years the contributions which would be required to be made under the plan but for the provisions of section 412(c)(7)(A)(i)(I) (as in effect on the day before the date of the enactment of the Pension Protection Act of 2006).

''(3) CREDITS TO ACCOUNT.—For a plan year, the funding standard account shall be credited with the sum of—

''(A) the amount considered contributed by the employer to or under the plan for the plan year,

''(B) the amount necessary to amortize in equal annual installments (until fully amortized)—

''(i) separately, with respect to each plan year, the net decrease (if any) in unfunded past service liability under the plan arising from plan amendments adopted in such year, over a period of 15 plan years,

''(ii) separately, with respect to each plan year, the net experience gain (if any) under the plan, over a period of 15 plan years, and

''(iii) separately, with respect to each plan year, the net gain (if any) resulting from changes in actuarial assumptions used under the plan, over a period of 15 plan years,

''(C) the amount of the waived funding deficiency (within the meaning of section 412(c)(3)) for the plan year, and

''(D) in the case of a plan year for which the accumulated funding deficiency is determined under the funding standard account if such plan year follows a plan year for which such deficiency was determined under the alternative minimum funding standard under section 412(g) (as in effect on the day before the date of the enactment of the Pension Protection Act of 2006), the excess (if any) of any debit balance in the funding standard account (determined without regard to this subparagraph) over any debit balance in the alternative minimum funding standard account.

''(4) SPECIAL RULE FOR AMOUNTS FIRST AMORTIZED IN PLAN YEARS BEFORE 2008.—In the case of any amount amortized under section 412(b) (as in effect on the day before the date of the enactment of the Pension Protection Act of 2006) over any period beginning with a plan year beginning before 2008 in lieu of the amortization described in paragraphs (2)(B) and (3)(B), such amount shall continue to be amortized under such section as so in effect.

''(5) COMBINING AND OFFSETTING AMOUNTS TO BE AMORTIZED.—Under regulations prescribed by the Secretary, amounts required to be amortized under paragraph (2) or paragraph (3), as the case may be—

''(A) may be combined into one amount under such paragraph to be amortized over a period determined on the basis of the remaining amortization period for all items entering into such combined amount, and

''(B) may be offset against amounts required to be amortized under the other such paragraph, with the resulting amount to be amortized over a period determined on the basis of the remaining amortization periods for all items entering into whichever of the two amounts being offset is the greater.

''(6) INTEREST.—The funding standard account (and items therein) shall be charged or credited (as determined under regulations prescribed by the Secretary of the Treasury) with interest at the appropriate rate consistent with the rate or rates of interest used under the plan to determine costs.

''(7) SPECIAL RULES RELATING TO CHARGES AND CREDITS TO FUNDING STANDARD ACCOUNT.—For purposes of this part—

''(A) WITHDRAWAL LIABILITY.—Any amount received by a multiemployer plan in payment of all or part of an employer's withdrawal liability under part 1 of subtitle E of title IV of the Employee Retirement Income Security Act of 1974 shall be considered an amount contributed by the employer to or under the plan. The Secretary may prescribe by regulation additional charges and credits to a multiemployer plan's funding standard account to the extent necessary to prevent withdrawal liability payments from being unduly reflected as advance funding for plan liabilities.

''(B) ADJUSTMENTS WHEN A MULTIEMPLOYER PLAN LEAVES REORGANIZATION.—If a multiemployer plan is not in reorganization in the plan year but was in reorganization in the immediately preceding plan year, any balance in the funding standard account at the close of such immediately preceding plan year—

''(i) shall be eliminated by an offsetting credit or charge (as the case may be), but

''(ii) shall be taken into account in subsequent plan years by being amortized in equal annual installments (until fully amortized) over 30 plan years.

The preceding sentence shall not apply to the extent of any accumulated funding deficiency under section 4243(a) of such Act as of the end of the last plan year that the plan was in reorganization.

''(C) PLAN PAYMENTS TO SUPPLEMENTAL PROGRAM OR WITHDRAWAL LIABILITY PAYMENT FUND.—Any amount paid by a plan during a plan year to the Pension Benefit Guaranty Corporation pursuant to section 4222 of such Act or to a fund exempt under section 501(c)(22) pursuant to section 4223 of such Act shall reduce the amount of contributions considered received by the plan for the plan year.

''(D) INTERIM WITHDRAWAL LIABILITY PAYMENTS.—Any amount paid by an employer pending a final determination of the employer's withdrawal liability under part 1 of subtitle E of title IV of such Act and subsequently refunded to the employer by the plan shall be charged to the funding standard account in accordance with regulations prescribed by the Secretary.

''(E) ELECTION FOR DEFERRAL OF CHARGE FOR PORTION OF NET EXPERIENCE LOSS.—If an election is in effect under section 412(b)(7)(F) (as in effect on the day before the date of the enactment of the Pension Protection Act of 2006) for any plan year, the funding standard account shall be charged in the plan year to which the portion of the net experience loss deferred by such election was deferred with the amount so deferred (and paragraph (2)(B)(iii) shall not apply to the amount so charged).

''(F) FINANCIAL ASSISTANCE.—Any amount of any financial assistance from the Pension Benefit Guaranty Corporation to any plan, and any repayment of such amount, shall be taken into account under this section and section 412 in such manner as is determined by the Secretary.

''(G) SHORT-TERM BENEFITS.—To the extent that any plan amendment increases the unfunded past service liability under the plan by reason of an increase in benefits which are not payable as a life annuity but are payable under the terms of the plan for a period that does not exceed 14 years from the effective date of the amendment, paragraph (2)(B)(ii) shall be applied separately with respect to such increase in unfunded past service liability by substituting the number of years of the period during which such benefits are payable for '15'.

''(c) ADDITIONAL RULES.—

''(1) DETERMINATIONS TO BE MADE UNDER FUNDING METHOD.—For purposes of this part, normal costs, accrued liability, past service liabilities, and experience gains and losses shall be determined under the funding method used to determine costs under the plan.

''(2) VALUATION OF ASSETS.—

''(A) IN GENERAL.—For purposes of this part, the value of the plan's assets shall be determined on the basis of any reasonable actuarial method of valuation which takes

into account fair market value and which is permitted under regulations prescribed by the Secretary.

''(B) ELECTION WITH RESPECT TO BONDS.—The value of a bond or other evidence of indebtedness which is not in default as to principal or interest may, at the election of the plan administrator, be determined on an amortized basis running from initial cost at purchase to par value at maturity or earliest call date. Any election under this subparagraph shall be made at such time and in such manner as the Secretary shall by regulations provide, shall apply to all such evidences of indebtedness, and may be revoked only with the consent of the Secretary.

''(3) ACTUARIAL ASSUMPTIONS MUST BE REASONABLE.—For purposes of this section, all costs, liabilities, rates of interest, and other factors under the plan shall be determined on the basis of actuarial assumptions and methods—

''(A) each of which is reasonable (taking into account the experience of the plan and reasonable expectations), and

''(B) which, in combination, offer the actuary's best estimate of anticipated experience under the plan.

''(4) TREATMENT OF CERTAIN CHANGES AS EXPERIENCE GAIN OR LOSS.—For purposes of this section, if—

''(A) a change in benefits under the Social Security Act or in other retirement benefits created under Federal or State law, or

''(B) a change in the definition of the term 'wages' under section 3121, or a change in the amount of such wages taken into account under regulations prescribed for purposes of section 401(a)(5),

results in an increase or decrease in accrued liability under a plan, such increase or decrease shall be treated as an experience loss or gain.

''(5) FULL FUNDING.—If, as of the close of a plan year, a plan would (without regard to this paragraph) have an accumulated funding deficiency in excess of the full funding limitation—

''(A) the funding standard account shall be credited with the amount of such excess, and

''(B) all amounts described in subparagraphs (B), (C), and (D) of subsection (b) (2) and subparagraph (B) of subsection (b)(3) which are required to be amortized shall be considered fully amortized for purposes of such subparagraphs.

''(6) FULL-FUNDING LIMITATION.—

''(A) IN GENERAL.—For purposes of paragraph (5), the term 'full-funding limitation' means the excess (if any) of—

''(i) the accrued liability (including normal cost) under the plan (determined under the entry age normal funding method if such accrued liability cannot be directly calculated under the funding method used for the plan), over

''(ii) the lesser of—

''(I) the fair market value of the plan's assets, or

''(II) the value of such assets determined under paragraph (2).

''(B) MINIMUM AMOUNT.—

''(i) IN GENERAL.—In no event shall the full-funding limitation determined under subparagraph (A) be less than the excess (if any) of—

''(I) 90 percent of the current liability of the plan (including the expected increase in current liability due to benefits accruing during the plan year), over

''(II) the value of the plan's assets determined under paragraph (2).

''(ii) ASSETS.—For purposes of clause (i), assets shall not be reduced by any credit balance in the funding standard account.

''(C) FULL FUNDING LIMITATION.—For purposes of this paragraph, unless otherwise provided by the plan, the accrued liability under a multiemployer plan shall not include benefits which are not nonforfeitable under the plan after the termination of the plan (taking into consideration section 411(d)(3)).

''(D) CURRENT LIABILITY.—For purposes of this paragraph—

''(i) IN GENERAL.—The term 'current liability' means all liabilities to employees and their beneficiaries under the plan.

''(ii) TREATMENT OF UNPREDICTABLE CONTINGENT EVENT BENEFITS.—For purposes of clause (i), any benefit contingent on an event other than—

''(I) age, service, compensation, death, or disability, or

''(II) an event which is reasonably and reliably predictable (as determined by the Secretary),

shall not be taken into account until the event on which the benefit is contingent occurs.

''(iii) INTEREST RATE USED.—The rate of interest used to determine current liability under this paragraph shall be the rate of interest determined under subparagraph (E).

''(iv) MORTALITY TABLES.—

''(I) COMMISSIONERS' STANDARD TABLE.—In the case of plan years beginning before the first plan year to which the first tables prescribed under subclause (II) apply, the mortality table used in determining current liability under this paragraph shall be the table prescribed by the Secretary which is based on the prevailing commissioners' standard table (described in section 807(d)(5)(A)) used to determine reserves for group annuity contracts issued on January 1, 1993.

''(II) SECRETARIAL AUTHORITY.—The Secretary may by regulation prescribe for plan years beginning after December 31, 1999, mortality tables to be used in determining current liability under this subsection. Such tables shall be based upon the actual experience of pension plans and projected trends in such experience. In prescribing such tables, the Secretary shall take into account results of available independent studies of mortality of individuals covered by pension plans.

''(v) SEPARATE MORTALITY TABLES FOR THE DISABLED.—Notwithstanding clause (iv)—

''(I) IN GENERAL.—The Secretary shall establish mortality tables which may be used (in lieu of the tables under clause (iv)) to determine current liability under this subsection for individuals who are entitled to benefits under the plan on account of disability. The Secretary shall establish separate tables for individuals whose disabilities occur in plan years beginning before January 1, 1995, and for individuals whose disabilities occur in plan years beginning on or after such date.

''(II) SPECIAL RULE FOR DISABILITIES OCCURRING AFTER 1994.—In the case of disabilities occurring in plan years beginning after December 31, 1994, the tables under subclause (I) shall apply only with respect to individuals described in such subclause who are disabled within the meaning of title II of the Social Security Act and the regulations thereunder.

''(vi) PERIODIC REVIEW.—The Secretary shall periodically (at least every 5 years) review any tables in effect under this subparagraph and shall, to the extent such Secretary determines necessary, by regulation update the tables to reflect the actual experience of pension plans and projected trends in such experience.

''(E) REQUIRED CHANGE OF INTEREST RATE.—For purposes of determining a plan's current liability for purposes of this paragraph—

''(i) IN GENERAL.—If any rate of interest used under the plan under subsection (b)(6) to determine cost is not within the permissible range, the plan shall establish a new rate of interest within the permissible range.

''(ii) PERMISSIBLE RANGE.—For purposes of this subparagraph—

''(I) IN GENERAL.—Except as provided in subclause (II), the term 'permissible range' means a rate of interest which is not more than 5 percent above, and not more than 10 percent below, the weighted average of the rates of interest on 30-year Treasury securities during the 4-year period ending on the last day before the beginning of the plan year.

''(II) SECRETARIAL AUTHORITY.—If the Secretary finds that the lowest rate of interest permissible under subclause (I) is unreasonably high, the Secretary may prescribe a lower rate of interest, except that such rate may not be less than 80 percent of the average rate determined under such subclause.

''(iii) ASSUMPTIONS.—Notwithstanding paragraph (3)(A), the interest rate used under the plan shall be—

''(I) determined without taking into account the experience of the plan and reasonable expectations, but

''(II) consistent with the assumptions which reflect the purchase rates which would be used by insurance companies to satisfy the liabilities under the plan.

''(7) ANNUAL VALUATION.—

''(A) IN GENERAL.—For purposes of this section, a determination of experience gains and losses and a valuation of the plan's liability shall be made not less frequently than once every year, except that such determination shall be made more frequently to the extent required in particular cases under regulations prescribed by the Secretary.

''(B) VALUATION DATE.—

''(i) CURRENT YEAR.—Except as provided in clause (ii), the valuation referred to in subparagraph (A) shall be made as of a date within the plan year to which the valuation refers or within one month prior to the beginning of such year.

''(ii) USE OF PRIOR YEAR VALUATION.—The valuation referred to in subparagraph (A) may be made as of a date within the plan year prior to the year to which the valuation refers if, as of such date, the value of the assets of the plan are not less than 100 percent of the plan's current liability (as defined in paragraph (6)(D) without regard to clause (iv) thereof).

''(iii) ADJUSTMENTS.—Information under clause (ii) shall, in accordance with regulations, be actuarially adjusted to reflect significant differences in participants.

''(iv) LIMITATION.—A change in funding method to use a prior year valuation, as provided in clause (ii), may not be made unless as of the valuation date within the prior plan year, the value of the assets of the plan are not less than 125 percent of the plan's current liability (as defined in paragraph (6)(D) without regard to clause (iv) thereof).

''(8) TIME WHEN CERTAIN CONTRIBUTIONS DEEMED MADE.—For purposes of this section, any contributions for a plan year made by an employer after the last day of such plan year, but not later than two and one-half months after such day, shall be deemed to have been made on such last day. For purposes of this subparagraph, such two and one-half month period may be extended for not more than six months under regulations prescribed by the Secretary.

''(d) EXTENSION OF AMORTIZATION PERIODS FOR MULTIEMPLOYER PLANS.—

''(1) AUTOMATIC EXTENSION UPON APPLICATION BY CERTAIN PLANS.—

''(A) IN GENERAL.—If the plan sponsor of a multiemployer plan—

''(i) submits to the Secretary an application for an extension of the period of years required to amortize any unfunded liability

described in any clause of subsection (b)(2)(B) or described in subsection (b)(4), and

''(ii) includes with the application a certification by the plan's actuary described in subparagraph (B),

the Secretary shall extend the amortization period for the period of time (not in excess of 5 years) specified in the application. Such extension shall be in addition to any extension under paragraph (2).

''(B) CRITERIA.—A certification with respect to a multiemployer plan is described in this subparagraph if the plan's actuary certifies that, based on reasonable assumptions—

''(i) absent the extension under subparagraph (A), the plan would have an accumulated funding deficiency in the current plan year or any of the 9 succeeding plan years,

''(ii) the plan sponsor has adopted a plan to improve the plan's funding status,

''(iii) the plan is projected to have sufficient assets to timely pay expected benefits and anticipated expenditures over the amortization period as extended, and

''(iv) the notice required under paragraph (3)(A) has been provided.

''(C) TERMINATION.—The preceding provisions of this paragraph shall not apply with respect to any application submitted after December 31, 2014.

''(2) ALTERNATIVE EXTENSION.—

''(A) IN GENERAL.—If the plan sponsor of a multiemployer plan submits to the Secretary an application for an extension of the period of years required to amortize any unfunded liability described in any clause of subsection (b)(2)(B) or described in subsection (b)(4), the Secretary may extend the amortization period for a period of time (not in excess of 10 years reduced by the number of years of any extension under paragraph (1) with respect to such unfunded liability) if the Secretary makes the determination described in subparagraph (B). Such extension shall be in addition to any extension under paragraph (1).

''(B) DETERMINATION.—The Secretary may grant an extension under subparagraph (A) if the Secretary determines that—

''(i) such extension would carry out the purposes of this Act and would provide adequate protection for participants under the plan and their beneficiaries, and

''(ii) the failure to permit such extension would—

''(I) result in a substantial risk to the voluntary continuation of the plan, or a substantial curtailment of pension benefit levels or employee compensation, and

''(II) be adverse to the interests of plan participants in the aggregate.

''(C) ACTION BY SECRETARY.—The Secretary shall act upon any application for an extension under this paragraph within 180 days of the submission of such application. If the Secretary rejects the application for an extension under this paragraph, the Secretary shall provide notice to the plan detailing the specific reasons for the rejection, including references to the criteria set forth above.

''(3) ADVANCE NOTICE.—

''(A) IN GENERAL.—The Secretary shall, before granting an extension under this subsection, require each applicant to provide evidence satisfactory to such Secretary that the applicant has provided notice of the filing of the application for such extension to each affected party (as defined in section 4001(a)(21) of the Employee Retirement Income Security Act of 1974) with respect to the affected plan. Such notice shall include a description of the extent to which the plan is funded for benefits which are guaranteed under title IV of such Act and for benefit liabilities.

''(B) CONSIDERATION OF RELEVANT INFORMATION.—The Secretary shall consider any relevant information provided by a person to whom notice was given under paragraph (1).''.

(b) EFFECTIVE DATE.—

(1) IN GENERAL.—The amendments made by this section shall apply to plan years beginning after 2007.

(2) SPECIAL RULE FOR CERTAIN AMORTIZATION EXTENSIONS.—If the Secretary of the Treasury grants an extension under section 304 of the Employee Retirement Income Security Act of 1974 and section 412(e) of the Internal Revenue Code of 1986 with respect to any application filed with the Secretary of the Treasury on or before June 30, 2005, the extension (and any modification thereof) shall be applied and administered under the rules of such sections as in effect before the enactment of this Act, including the use of the rate of interest determined under section 6621(b) of such Code.

SEC. 212. ADDITIONAL FUNDING RULES FOR MULTIEMPLOYER PLANS IN ENDANGERED OR CRITICAL STATUS.

(a) IN GENERAL.—Subpart A of part III of subchapter D of chapter 1 of the Internal Revenue Code of 1986 (as amended by this Act) is amended by inserting after section 431 the following new section:

''SEC. 432. ADDITIONAL FUNDING RULES FOR MULTIEMPLOYER PLANS IN ENDANGERED STATUS OR CRITICAL STATUS.

''(a) GENERAL RULE.—For purposes of this part, in the case of a multiemployer plan in effect on July 16, 2006 —

''(1) if the plan is in endangered status—

''(A) the plan sponsor shall adopt and implement a funding improvement plan in accordance with the requirements of subsection (c), and

''(B) the requirements of subsection (d) shall apply during the funding plan adoption period and the funding improvement period, and

''(2) if the plan is in critical status—

''(A) the plan sponsor shall adopt and implement a rehabilitation plan in accordance with the requirements of subsection (e), and

''(B) the requirements of subsection (f) shall apply during the rehabilitation plan adoption period and the rehabilitation period.

''(b) DETERMINATION OF ENDANGERED AND CRITICAL STATUS.—For purposes of this section—

''(1) ENDANGERED STATUS.—A multiemployer plan is in endangered status for a plan year if, as determined by the plan actuary under paragraph (3), the plan is not in critical status for the plan year and, as of the beginning of the plan year, either—

''(A) the plan's funded percentage for such plan year is less than 80 percent, or

''(B) the plan has an accumulated funding deficiency for such plan year, or is projected to have such an accumulated funding deficiency for any of the 6 succeeding plan years, taking into account any extension of amortization periods under section 431(d).

For purposes of this section, a plan shall be treated as in seriously endangered status for a plan year if the plan is described in both subparagraphs (A) and (B).

''(2) CRITICAL STATUS.—A multiemployer plan is in critical status for a plan year if, as determined by the plan actuary under paragraph (3), the plan is described in 1 or more of the following subparagraphs as of the beginning of the plan year:

''(A) A plan is described in this subparagraph if—

''(i) the funded percentage of the plan is less than 65 percent, and

''(ii) the sum of—

''(I) the fair market value of plan assets, plus

''(II) the present value of the reasonably anticipated employer contributions for the current plan year and each of the 6 succeeding plan years, assuming that the terms of all collective bargaining agreements pursuant to which the plan is maintained for the current plan year continue in effect for succeeding plan years,

is less than the present value of all nonforfeitable benefits projected to be payable under the plan during the current plan year and each of the 6 succeeding plan years (plus administrative expenses for such plan years).

''(B) A plan is described in this subparagraph if—

''(i) the plan has an accumulated funding deficiency for the current plan year, not taking into account any extension of amortization periods under section 431(d), or

''(ii) the plan is projected to have an accumulated funding deficiency for any of the 3 succeeding plan years (4 succeeding plan years if the funded percentage of the plan is 65 percent or less), not taking into account any extension of amortization periods under section 431(d).

''(C) A plan is described in this subparagraph if—

''(i)(I) the plan's normal cost for the current plan year, plus interest (determined at the rate used for determining costs under the plan) for the current plan year on the amount of unfunded benefit liabilities under the plan as of the last date of the preceding plan year, exceeds

''(II) the present value of the reasonably anticipated employer and employee contributions for the current plan year,

''(ii) the present value, as of the beginning of the current plan year, of nonforfeitable benefits of inactive participants is greater than the present value of nonforfeitable benefits of active participants, and

''(iii) the plan has an accumulated funding deficiency for the current plan year, or is projected to have such a deficiency for any of the 4 succeeding plan years, not taking into account any extension of amortization periods under section 431(d).

''(D) A plan is described in this subparagraph if the sum of—

''(i) the fair market value of plan assets, plus

''(ii) the present value of the reasonably anticipated employer contributions for the current plan year and each of the 4 succeeding plan years, assuming that the terms of all collective bargaining agreements pursuant to which the plan is maintained for the current plan year continue in effect for succeeding plan years,

is less than the present value of all benefits projected to be payable under the plan during the current plan year and each of the 4 succeeding plan years (plus administrative expenses for such plan years).

''(3) ANNUAL CERTIFICATION BY PLAN ACTUARY.—

''(A) IN GENERAL.—Not later than the 90th day of each plan year of a multiemployer plan, the plan actuary shall certify to the Secretary and to the plan sponsor—

''(i) whether or not the plan is in endangered status for such plan year and whether or not the plan is or will be in critical status for such plan year, and

''(ii) in the case of a plan which is in a funding improvement or rehabilitation period, whether or not the plan is making the scheduled progress in meeting the requirements of its funding improvement or rehabilitation plan.

''(B) ACTUARIAL PROJECTIONS OF ASSETS AND LIABILITIES.—

''(i) IN GENERAL.—In making the determinations and projections under this subsection, the plan actuary shall make projections required for the current and succeeding plan years of the current value of the assets

of the plan and the present value of all liabilities to participants and beneficiaries under the plan for the current plan year as of the beginning of such year. The actuary's projections shall be based on reasonable actuarial estimates, assumptions, and methods that, except as provided in clause (iii), offer the actuary's best estimate of anticipated experience under the plan. The projected present value of liabilities as of the beginning of such year shall be determined based on the most recent of either—

''(I) the actuarial statement required under section 103(d) of the Employee Retirement Income Security Act of 1974 with respect to the most recently filed annual report, or

''(II) the actuarial valuation for the preceding plan year.

''(ii) DETERMINATIONS OF FUTURE CONTRIBUTIONS.—Any actuarial projection of plan assets shall assume—

''(I) reasonably anticipated employer contributions for the current and succeeding plan years, assuming that the terms of the one or more collective bargaining agreements pursuant to which the plan is maintained for the current plan year continue in effect for succeeding plan years, or

''(II) that employer contributions for the most recent plan year will continue indefinitely, but only if the plan actuary determines there have been no significant demographic changes that would make such assumption unreasonable.

''(iii) PROJECTED INDUSTRY ACTIVITY.—Any projection of activity in the industry or industries covered by the plan, including future covered employment and contribution levels, shall be based on information provided by the plan sponsor, which shall act reasonably and in good faith.

''(C) PENALTY FOR FAILURE TO SECURE TIMELY ACTUARIAL CERTIFICATION.—Any failure of the plan's actuary to certify the plan's status under this subsection by the date specified in subparagraph (A) shall be treated for purposes of section 502(c)(2) of the Employee Retirement Income Security Act of 1974 as a failure or refusal by the plan administrator to file the annual report required to be filed with the Secretary under section 101(b)(4) of such Act.

''(D) NOTICE.—

''(i) IN GENERAL.—In any case in which it is certified under subparagraph (A) that a multiemployer plan is or will be in endangered or critical status for a plan year, the plan sponsor shall, not later than 30 days after the date of the certification, provide notification of the endangered or critical status to the participants and beneficiaries, the bargaining parties, the Pension Benefit Guaranty Corporation, and the Secretary of Labor.

''(ii) PLANS IN CRITICAL STATUS.—If it is certified under subparagraph (A) that a multiemployer plan is or will be in critical status, the plan sponsor shall include in the notice under clause (i) an explanation of the possibility that—

''(I) adjustable benefits (as defined in subsection (e)(8)) may be reduced, and

''(II) such reductions may apply to participants and beneficiaries whose benefit commencement date is on or after the date such notice is provided for the first plan year in which the plan is in critical status.

''(iii) MODEL NOTICE.—The Secretary of Labor shall prescribe a model notice that a multiemployer plan may use to satisfy the requirements under clause (ii).

''(c) FUNDING IMPROVEMENT PLAN MUST BE ADOPTED FOR MULTIEMPLOYER PLANS IN ENDANGERED STATUS.—

''(1) IN GENERAL.—In any case in which a multiemployer plan is in endangered status for a plan year, the plan sponsor, in accordance with this subsection—

''(A) shall adopt a funding improvement plan not later than 240 days following the required date for the actuarial certification of endangered status under subsection (b)(3)(A), and

''(B) within 30 days after the adoption of the funding improvement plan—

''(i) shall provide to the bargaining parties 1 or more schedules showing revised benefit structures, revised contribution structures, or both, which, if adopted, may reasonably be expected to enable the multiemployer plan to meet the applicable benchmarks in accordance with the funding improvement plan, including—

''(I) one proposal for reductions in the amount of future benefit accruals necessary to achieve the applicable benchmarks, assuming no amendments increasing contributions under the plan (other than amendments increasing contributions necessary to achieve the applicable benchmarks after amendments have reduced future benefit accruals to the maximum extent permitted by law), and

''(II) one proposal for increases in contributions under the plan necessary to achieve the applicable benchmarks, assuming no amendments reducing future benefit accruals under the plan, and

''(ii) may, if the plan sponsor deems appropriate, prepare and provide the bargaining parties with additional information relating to contribution rates or benefit reductions, alternative schedules, or other information relevant to achieving the applicable benchmarks in accordance with the funding improvement plan.

For purposes of this section, the term 'applicable benchmarks' means the requirements applicable to the multiemployer plan under paragraph (3) (as modified by paragraph (5)).

''(2) EXCEPTION FOR YEARS AFTER PROCESS BEGINS.—Paragraph (1) shall not apply to a plan year if such year is in a funding plan adoption period or funding improvement period by reason of the plan being in endangered status for a preceding plan year. For purposes of this section, such preceding plan year shall be the initial determination year with respect to the funding improvement plan to which it relates.

''(3) FUNDING IMPROVEMENT PLAN.—For purposes of this section—

''(A) IN GENERAL.—A funding improvement plan is a plan which consists of the actions, including options or a range of options to be proposed to the bargaining parties, formulated to provide, based on reasonably anticipated experience and reasonable actuarial assumptions, for the attainment by the plan during the funding improvement period of the following requirements:

''(i) INCREASE IN PLAN'S FUNDING PERCENTAGE.—The plan's funded percentage as of the close of the funding improvement period equals or exceeds a percentage equal to the sum of—

''(I) such percentage as of the beginning of such period, plus

''(II) 33 percent of the difference between 100 percent and the percentage under subclause (I).

''(ii) AVOIDANCE OF ACCUMULATED FUNDING DEFICIENCIES.—No accumulated funding deficiency for any plan year during the funding improvement period (taking into account any extension of amortization periods under section 304(d)).

''(B) SERIOUSLY ENDANGERED PLANS.—In the case of a plan in seriously endangered status, except as provided in paragraph (5), subparagraph (A)(i)(II) shall be applied by substituting '20 percent' for '33 percent'.

''(4) FUNDING IMPROVEMENT PERIOD.—For purposes of this section—

''(A) IN GENERAL.—The funding improvement period for any funding improvement plan adopted pursuant to this subsection is the 10-year period beginning on the first day of the first plan year of the multiemployer plan beginning after the earlier of—

''(i) the second anniversary of the date of the adoption of the funding improvement plan, or

''(ii) the expiration of the collective bargaining agreements in effect on the due date for the actuarial certification of endangered status for the initial determination year under subsection (b)(3)(A) and covering, as of such due date, at least 75 percent of the active participants in such multiemployer plan.

''(B) SERIOUSLY ENDANGERED PLANS.—In the case of a plan in seriously endangered status, except as provided in paragraph (5), subparagraph (A) shall be applied by substituting '15-year period' for '10-year period'.

''(C) COORDINATION WITH CHANGES IN STATUS.—

''(i) PLANS NO LONGER IN ENDANGERED STATUS.—If the plan's actuary certifies under subsection (b)(3)(A) for a plan year in any funding plan adoption period or funding improvement period that the plan is no longer in endangered status and is not in critical status, the funding plan adoption period or funding improvement period, whichever is applicable, shall end as of the close of the preceding plan year.

''(ii) PLANS IN CRITICAL STATUS.—If the plan's actuary certifies under subsection (b)(3)(A) for a plan year in any funding plan adoption period or funding improvement period that the plan is in critical status, the funding plan adoption period or funding improvement period, whichever is applicable, shall end as of the close of the plan year preceding the first plan year in the rehabilitation period with respect to such status.

''(D) PLANS IN ENDANGERED STATUS AT END OF PERIOD.—If the plan's actuary certifies under subsection (b)(3)(A) for the first plan year following the close of the period described in subparagraph (A) that the plan is in endangered status, the provisions of this subsection and subsection (d) shall be applied as if such first plan year were an initial determination year, except that the plan may not be amended in a manner inconsistent with the funding improvement plan in effect for the preceding plan year until a new funding improvement plan is adopted.

''(5) SPECIAL RULES FOR SERIOUSLY ENDANGERED PLANS MORE THAN 70 PERCENT FUNDED.—

''(A) IN GENERAL.—If the funded percentage of a plan in seriously endangered status was more than 70 percent as of the beginning of the initial determination year—

''(i) paragraphs (3)(B) and (4)(B) shall apply only if the plan's actuary certifies, within 30 days after the certification under subsection (b)(3)(A) for the initial determination year, that, based on the terms of the plan and the collective bargaining agreements in effect at the time of such certification, the plan is not projected to meet the requirements of paragraph (3)(A) (without regard to paragraphs (3)(B) and (4)(B)), and

''(ii) if there is a certification under clause (i), the plan may, in formulating its funding improvement plan, only take into account the rules of paragraph (3)(B) and (4)(B) for plan years in the funding improvement period beginning on or before the date on which the last of the collective bargaining agreements described in paragraph (4)(A)(ii) expires.

''(B) SPECIAL RULE AFTER EXPIRATION OF AGREEMENTS.—Notwithstanding subparagraph (A)(ii), if, for any plan year ending after the date described in subparagraph (A)(ii), the plan actuary certifies (at the time of the annual certification under subsection (b)(3)(A) for such plan year) that,

based on the terms of the plan and collective bargaining agreements in effect at the time of that annual certification, the plan is not projected to be able to meet the requirements of paragraph (3)(A) (without regard to paragraphs (3)(B) and (4)(B)), paragraphs (3)(B) and (4)(B) shall continue to apply for such year.

''(6) UPDATES TO FUNDING IMPROVEMENT PLANS AND SCHEDULES.—

''(A) FUNDING IMPROVEMENT PLAN.—The plan sponsor shall annually update the funding improvement plan and shall file the update with the plan's annual report under section 104 of the Employee Retirement Income Security Act of 1974.

''(B) SCHEDULES.—The plan sponsor shall annually update any schedule of contribution rates provided under this subsection to reflect the experience of the plan.

''(C) DURATION OF SCHEDULE.—A schedule of contribution rates provided by the plan sponsor and relied upon by bargaining parties in negotiating a collective bargaining agreement shall remain in effect for the duration of that collective bargaining agreement.

''(7) IMPOSITION OF DEFAULT SCHEDULE WHERE FAILURE TO ADOPT FUNDING IMPROVEMENT PLAN.—

''(A) IN GENERAL.—If—

''(i) a collective bargaining agreement providing for contributions under a multiemployer plan that was in effect at the time the plan entered endangered status expires, and

''(ii) after receiving one or more schedules from the plan sponsor under paragraph (1)(B), the bargaining parties with respect to such agreement fail to agree on changes to contribution or benefit schedules necessary to meet the applicable benchmarks in accordance with the funding improvement plan,

the plan sponsor shall implement the schedule described in paragraph (1)(B)(i)(I) beginning on the date specified in subparagraph (B).

''(B) DATE OF IMPLEMENTATION.—The date specified in this subparagraph is the earlier of the date—

''(i) on which the Secretary of Labor certifies that the parties are at an impasse, or

''(ii) which is 180 days after the date on which the collective bargaining agreement described in subparagraph (A) expires.

''(8) FUNDING PLAN ADOPTION PERIOD.—For purposes of this section, the term 'funding plan adoption period' means the period beginning on the date of the certification under subsection (b)(3)(A) for the initial determination year and ending on the day before the first day of the funding improvement period.

''(d) RULES FOR OPERATION OF PLAN DURING ADOPTION AND IMPROVEMENT PERIODS.—

''(1) SPECIAL RULES FOR PLAN ADOPTION PERIOD.—During the funding plan adoption period—

''(A) the plan sponsor may not accept a collective bargaining agreement or participation agreement with respect to the multiemployer plan that provides for—

''(i) a reduction in the level of contributions for any participants,

''(ii) a suspension of contributions with respect to any period of service, or

''(iii) any new direct or indirect exclusion of younger or newly hired employees from plan participation,

''(B) no amendment of the plan which increases the liabilities of the plan by reason of any increase in benefits, any change in the accrual of benefits, or any change in the rate at which benefits become nonforfeitable under the plan may be adopted unless the amendment is required as a condition of qualification under part I of subchapter D of chapter 1 or to comply with other applicable law, and

''(C) in the case of a plan in seriously endangered status, the plan sponsor shall take all reasonable actions which are consistent with the terms of the plan and applicable law and which are expected, based on reasonable assumptions, to achieve—

''(i) an increase in the plan's funded percentage, and

''(ii) postponement of an accumulated funding deficiency for at least 1 additional plan year.

Actions under subparagraph (C) include applications for extensions of amortization periods under section 431(d), use of the shortfall funding method in making funding standard account computations, amendments to the plan's benefit structure, reductions in future benefit accruals, and other reasonable actions consistent with the terms of the plan and applicable law.

''(2) COMPLIANCE WITH FUNDING IMPROVEMENT PLAN.—

''(A) IN GENERAL.—A plan may not be amended after the date of the adoption of a funding improvement plan so as to be inconsistent with the funding improvement plan.

''(B) NO REDUCTION IN CONTRIBUTIONS.—A plan sponsor may not during any funding improvement period accept a collective bargaining agreement or participation agreement with respect to the multiemployer plan that provides for—

''(i) a reduction in the level of contributions for any participants,

''(ii) a suspension of contributions with respect to any period of service, or

''(iii) any new direct or indirect exclusion of younger or newly hired employees from plan participation.

''(C) SPECIAL RULES FOR BENEFIT INCREASES.—A plan may not be amended after the date of the adoption of a funding improvement plan so as to increase benefits, including future benefit accruals, unless the plan actuary certifies that the benefit increase is consistent with the funding improvement plan and is paid for out of contributions not required by the funding improvement plan to meet the applicable benchmark in accordance with the schedule contemplated in the funding improvement plan.

''(e) REHABILITATION PLAN MUST BE ADOPTED FOR MULTIEMPLOYER PLANS IN CRITICAL STATUS.—

''(1) IN GENERAL.—In any case in which a multiemployer plan is in critical status for a plan year, the plan sponsor, in accordance with this subsection—

''(A) shall adopt a rehabilitation plan not later than 240 days following the required date for the actuarial certification of critical status under subsection (b)(3)(A), and

''(B) within 30 days after the adoption of the rehabilitation plan—

''(i) shall provide to the bargaining parties 1 or more schedules showing revised benefit structures, revised contribution structures, or both, which, if adopted, may reasonably be expected to enable the multiemployer plan to emerge from critical status in accordance with the rehabilitation plan, and

''(ii) may, if the plan sponsor deems appropriate, prepare and provide the bargaining parties with additional information relating to contribution rates or benefit reductions, alternative schedules, or other information relevant to emerging from critical status in accordance with the rehabilitation plan.

The schedule or schedules described in subparagraph (B)(i) shall reflect reductions in future benefit accruals and adjustable benefits, and increases in contributions, that the plan sponsor determines are reasonably necessary to emerge from critical status. One schedule shall be designated as the default schedule and such schedule shall assume that there are no increases in contributions under the plan other than the increases necessary to emerge from critical status after future benefit accruals and other benefits (other than benefits the reduction or elimination of which are not permitted under section 411(d)(6)) have been reduced to the maximum extent permitted by law.

''(2) EXCEPTION FOR YEARS AFTER PROCESS BEGINS.—Paragraph (1) shall not apply to a plan year if such year is in a rehabilitation plan adoption period or rehabilitation period by reason of the plan being in critical status for a preceding plan year. For purposes of this section, such preceding plan year shall be the initial critical year with respect to the rehabilitation plan to which it relates.

''(3) REHABILITATION PLAN.—For purposes of this section—

''(A) IN GENERAL.—A rehabilitation plan is a plan which consists of—

''(i) actions, including options or a range of options to be proposed to the bargaining parties, formulated, based on reasonably anticipated experience and reasonable actuarial assumptions, to enable the plan to cease to be in critical status by the end of the rehabilitation period and may include reductions in plan expenditures (including plan mergers and consolidations), reductions in future benefit accruals or increases in contributions, if agreed to by the bargaining parties, or any combination of such actions, or

''(ii) if the plan sponsor determines that, based on reasonable actuarial assumptions and upon exhaustion of all reasonable measures, the plan can not reasonably be expected to emerge from critical status by the end of the rehabilitation period, reasonable measures to emerge from critical status at a later time or to forestall possible insolvency (within the meaning of section 4245 of the Employee Retirement Income Security Act of 1974).

A rehabilitation plan must provide annual standards for meeting the requirements of such rehabilitation plan. Such plan shall also include the schedules required to be provided under paragraph (1)(B)(i) and if clause (ii) applies, shall set forth the alternatives considered, explain why the plan is not reasonably expected to emerge from critical status by the end of the rehabilitation period, and specify when, if ever, the plan is expected to emerge from critical status in accordance with the rehabilitation plan.

''(B) UPDATES TO REHABILITATION PLAN AND SCHEDULES.—

''(i) REHABILITATION PLAN.—The plan sponsor shall annually update the rehabilitation plan and shall file the update with the plan's annual report under section 104 of the Employee Retirement Income Security Act of 1974.

''(ii) SCHEDULES.—The plan sponsor shall annually update any schedule of contribution rates provided under this subsection to reflect the experience of the plan.

''(iii) DURATION OF SCHEDULE.—A schedule of contribution rates provided by the plan sponsor and relied upon by bargaining parties in negotiating a collective bargaining agreement shall remain in effect for the duration of that collective bargaining agreement.

''(C) IMPOSITION OF DEFAULT SCHEDULE WHERE FAILURE TO ADOPT REHABILITATION PLAN.—

''(i) IN GENERAL.—If—

''(I) a collective bargaining agreement providing for contributions under a multiemployer plan that was in effect at the time the plan entered critical status expires, and

''(II) after receiving one or more schedules from the plan sponsor under paragraph (1)(B), the bargaining parties with respect to such agreement fail to adopt a contribution or benefit schedules with terms consistent with the rehabilitation plan and the schedule

from the plan sponsor under paragraph (1)(B)(i),

the plan sponsor shall implement the default schedule described in the last sentence of paragraph (1) beginning on the date specified in clause (ii).

''(ii) DATE OF IMPLEMENTATION.—The date specified in this clause is the earlier of the date—

''(I) on which the Secretary of Labor certifies that the parties are at an impasse, or

''(II) which is 180 days after the date on which the collective bargaining agreement described in clause (i) expires.

''(4) REHABILITATION PERIOD.—For purposes of this section—

''(A) IN GENERAL.—The rehabilitation period for a plan in critical status is the 10-year period beginning on the first day of the first plan year of the multiemployer plan following the earlier of—

''(i) the second anniversary of the date of the adoption of the rehabilitation plan, or

''(ii) the expiration of the collective bargaining agreements in effect on the date of the due date for the actuarial certification of critical status for the initial critical year under subsection (a)(1) and covering, as of such date at least 75 percent of the active participants in such multiemployer plan.

If a plan emerges from critical status as provided under subparagraph (B) before the end of such 10-year period, the rehabilitation period shall end with the plan year preceding the plan year for which the determination under subparagraph (B) is made.

''(B) EMERGENCE.—A plan in critical status shall remain in such status until a plan year for which the plan actuary certifies, in accordance with subsection (b)(3)(A), that the plan is not projected to have an accumulated funding deficiency for the plan year or any of the 9 succeeding plan years, without regard to the use of the shortfall method and taking into account any extension of amortization periods under section 431(d).

''(5) REHABILITATION PLAN ADOPTION PERIOD.—For purposes of this section, the term 'rehabilitation plan adoption period' means the period beginning on the date of the certification under subsection (b)(3)(A) for the initial critical year and ending on the day before the first day of the rehabilitation period.

''(6) LIMITATION ON REDUCTION IN RATES OF FUTURE ACCRUALS.—Any reduction in the rate of future accruals under the default schedule described in paragraph (1)(B)(i) shall not reduce the rate of future accruals below—

''(A) a monthly benefit (payable as a single life annuity commencing at the participant's normal retirement age) equal to 1 percent of the contributions required to be made with respect to a participant, or the equivalent standard accrual rate for a participant or group of participants under the collective bargaining agreements in effect as of the first day of the initial critical year, or

''(B) if lower, the accrual rate under the plan on such first day.

The equivalent standard accrual rate shall be determined by the plan sponsor based on the standard or average contribution base units which the plan sponsor determines to be representative for active participants and such other factors as the plan sponsor determines to be relevant. Nothing in this paragraph shall be construed as limiting the ability of the plan sponsor to prepare and provide the bargaining parties with alternative schedules to the default schedule that established lower or higher accrual and contribution rates than the rates otherwise described in this paragraph.

''(7) AUTOMATIC EMPLOYER SURCHARGE.—

''(A) IMPOSITION OF SURCHARGE.—Each employer otherwise obligated to make a contribution for the initial critical year shall be obligated to pay to the plan for such year a surcharge equal to 5 percent of the contribution otherwise required under the applicable collective bargaining agreement (or other agreement pursuant to which the employer contributes). For each succeeding plan year in which the plan is in critical status for a consecutive period of years beginning with the initial critical year, the surcharge shall be 10 percent of the contribution otherwise so required.

''(B) ENFORCEMENT OF SURCHARGE.—The surcharges under subparagraph (A) shall be due and payable on the same schedule as the contributions on which the surcharges are based. Any failure to make a surcharge payment shall be treated as a delinquent contribution under section 515 of the Employee Retirement Income Security Act of 1974 and shall be enforceable as such.

''(C) SURCHARGE TO TERMINATE UPON COLLECTIVE BARGAINING AGREEMENT RENEGOTIATION.—The surcharge under this paragraph shall cease to be effective with respect to employees covered by a collective bargaining agreement (or other agreement pursuant to which the employer contributes), beginning on the effective date of a collective bargaining agreement (or other such agreement) that includes terms consistent with a schedule presented by the plan sponsor under paragraph (1)(B)(i), as modified under subparagraph (B) of paragraph (3).

''(D) SURCHARGE NOT TO APPLY UNTIL EMPLOYER RECEIVES NOTICE.—The surcharge under this paragraph shall not apply to an employer until 30 days after the employer has been notified by the plan sponsor that the plan is in critical status and that the surcharge is in effect.

''(E) SURCHARGE NOT TO GENERATE INCREASED BENEFIT ACCRUALS.—Notwithstanding any provision of a plan to the contrary, the amount of any surcharge under this paragraph shall not be the basis for any benefit accrual under the plan.

''(8) BENEFIT ADJUSTMENTS.—

''(A) ADJUSTABLE BENEFITS.—

''(i) IN GENERAL.—Notwithstanding section 204(g), the plan sponsor shall, subject to the notice requirement under subparagraph (C), make any reductions to adjustable benefits which the plan sponsor deems appropriate, based upon the outcome of collective bargaining over the schedule or schedules provided under paragraph (1)(B)(i).

''(ii) EXCEPTION FOR RETIREES.—Except in the case of adjustable benefits described in clause (iv)(III), the plan sponsor of a plan in critical status shall not reduce adjustable benefits of any participant or beneficiary whose benefit commencement date is before the date on which the plan provides notice to the participant or beneficiary under subsection (b)(3)(D) for the initial critical year .

''(iii) PLAN SPONSOR FLEXIBILITY.—The plan sponsor shall include in the schedules provided to the bargaining parties an allowance for funding the benefits of participants with respect to whom contributions are not currently required to be made, and shall reduce their benefits to the extent permitted under this title and considered appropriate by the plan sponsor based on the plan's then current overall funding status.

''(iv) ADJUSTABLE BENEFIT DEFINED.—For purposes of this paragraph, the term 'adjustable benefit' means—

''(I) benefits, rights, and features under the plan, including post-retirement death benefits, 60-month guarantees, disability benefits not yet in pay status, and similar benefits,

''(II) any early retirement benefit or retirement-type subsidy (within the meaning of section 411(d)(6)(B)(i)) and any benefit payment option (other than the qualified joint-and survivor annuity), and

''(III) benefit increases that would not be eligible for a guarantee under section 4022A of the Employee Retirement Income Security Act of 1974 on the first day of initial critical year because the increases were adopted (or, if later, took effect) less than 60 months before such first day.

''(B) NORMAL RETIREMENT BENEFITS PROTECTED.—Except as provided in subparagraph (A)(iv)(III), nothing in this paragraph shall be construed to permit a plan to reduce the level of a participant's accrued benefit payable at normal retirement age.

''(C) NOTICE REQUIREMENTS.—

''(i) IN GENERAL.—No reduction may be made to adjustable benefits under subparagraph (A) unless notice of such reduction has been given at least 30 days before the general effective date of such reduction for all participants and beneficiaries to—

''(I) plan participants and beneficiaries,

''(II) each employer who has an obligation to contribute (within the meaning of section 4212(a)) under the plan, and

''(III) each employee organization which, for purposes of collective bargaining, represents plan participants employed by such an employer.

''(ii) CONTENT OF NOTICE.—The notice under clause (i) shall contain—

''(I) sufficient information to enable participants and beneficiaries to understand the effect of any reduction on their benefits, including an estimate (on an annual or monthly basis) of any affected adjustable benefit that a participant or beneficiary would otherwise have been eligible for as of the general effective date described in clause (i), and

''(II) information as to the rights and remedies of plan participants and beneficiaries as well as how to contact the Department of Labor for further information and assistance where appropriate.

''(iii) FORM AND MANNER.—Any notice under clause (i)—

''(I) shall be provided in a form and manner prescribed in regulations of the Secretary of Labor,

''(II) shall be written in a manner so as to be understood by the average plan participant, and

''(III) may be provided in written, electronic, or other appropriate form to the extent such form is reasonably accessible to persons to whom the notice is required to be provided.

The Secretary of Labor shall in the regulations prescribed under subclause (I) establish a model notice that a plan sponsor may use to meet the requirements of this subparagraph.

''(9) ADJUSTMENTS DISREGARDED IN WITHDRAWAL LIABILITY DETERMINATION.—

''(A) BENEFIT REDUCTIONS.—Any benefit reductions under this subsection shall be disregarded in determining a plan's unfunded vested benefits for purposes of determining an employer's withdrawal liability under section 4201 of the Employee Retirement Income Security Act of 1974.

''(B) SURCHARGES.—Any surcharges under paragraph (7) shall be disregarded in determining an employer's withdrawal liability under section 4211 of such Act, except for purposes of determining the unfunded vested benefits attributable to an employer under section 4211(c)(4) of such Act or a comparable method approved under section 4211(c)(5) of such Act.

''(C) SIMPLIFIED CALCULATIONS.—The Pension Benefit Guaranty Corporation shall prescribe simplified methods for the application of this paragraph in determining withdrawal liability.

''(f) RULES FOR OPERATION OF PLAN DURING ADOPTION AND REHABILITATION PERIOD.—

''(1) COMPLIANCE WITH REHABILITATION PLAN.—

''(A) IN GENERAL.—A plan may not be amended after the date of the adoption of a rehabilitation plan under subsection (e) so as to be inconsistent with the rehabilitation plan.

''(B) SPECIAL RULES FOR BENEFIT INCREASES.—A plan may not be amended after the date of the adoption of a rehabilitation plan under subsection (e) so as to increase benefits, including future benefit accruals, unless the plan actuary certifies that such increase is paid for out of additional contributions not contemplated by the rehabilitation plan, and, after taking into account the benefit increase, the multiemployer plan still is reasonably expected to emerge from critical status by the end of the rehabilitation period on the schedule contemplated in the rehabilitation plan.

''(2) RESTRICTION ON LUMP SUMS AND SIMILAR BENEFITS.—

''(A) IN GENERAL.—Effective on the date the notice of certification of the plan's critical status for the initial critical year under subsection (b)(3)(D) is sent, and notwithstanding section 411(d)(6), the plan shall not pay—

''(i) any payment, in excess of the monthly amount paid under a single life annuity (plus any social security supplements described in the last sentence of section 411(b)(1)(A)),

''(ii) any payment for the purchase of an irrevocable commitment from an insurer to pay benefits, and

''(iii) any other payment specified by the Secretary by regulations.

''(B) EXCEPTION.—Subparagraph (A) shall not apply to a benefit which under section 411(a)(11) may be immediately distributed without the consent of the participant or to any makeup payment in the case of a retroactive annuity starting date or any similar payment of benefits owed with respect to a prior period.

''(3) ADJUSTMENTS DISREGARDED IN WITHDRAWAL LIABILITY DETERMINATION.—Any benefit reductions under this subsection shall be disregarded in determining a plan's unfunded vested benefits for purposes of determining an employer's withdrawal liability under section 4201 of the Employee Retirement Income Security Act of 1974.

''(4) SPECIAL RULES FOR PLAN ADOPTION PERIOD.—During the rehabilitation plan adoption period—

''(A) the plan sponsor may not accept a collective bargaining agreement or participation agreement with respect to the multiemployer plan that provides for—

''(i) a reduction in the level of contributions for any participants,

''(ii) a suspension of contributions with respect to any period of service, or

''(iii) any new direct or indirect exclusion of younger or newly hired employees from plan participation, and

''(B) no amendment of the plan which increases the liabilities of the plan by reason of any increase in benefits, any change in the accrual of benefits, or any change in the rate at which benefits become nonforfeitable under the plan may be adopted unless the amendment is required as a condition of qualification under part I of subchapter D of chapter 1 or to comply with other applicable law.

''(g) EXPEDITED RESOLUTION OF PLAN SPONSOR DECISIONS.—If, within 60 days of the due date for adoption of a funding improvement plan or a rehabilitation plan under subsection (e), the plan sponsor of a plan in endangered status or a plan in critical status has not agreed on a funding improvement plan or rehabilitation plan, then any member of the board or group that constitutes the plan sponsor may require that the plan sponsor enter into an expedited dispute resolution procedure for the development and adoption of a funding improvement plan or rehabilitation plan.

''(h) NONBARGAINED PARTICIPATION.—

''(1) BOTH BARGAINED AND NONBARGAINED EMPLOYEE-PARTICIPANTS.—In the case of an employer that contributes to a multiemployer plan with respect to both employees who are covered by one or more collective bargaining agreements and employees who are not so covered, if the plan is in endangered status or in critical status, benefits of and contributions for the nonbargained employees, including surcharges on those contributions, shall be determined as if those nonbargained employees were covered under the first to expire of the employer's collective bargaining agreements in effect when the plan entered endangered or critical status.

''(2) NONBARGAINED EMPLOYEES ONLY.—In the case of an employer that contributes to a multiemployer plan only with respect to employees who are not covered by a collective bargaining agreement, this section shall be applied as if the employer were the bargaining party, and its participation agreement with the plan were a collective bargaining agreement with a term ending on the first day of the plan year beginning after the employer is provided the schedule or schedules described in subsections (c) and (e).

''(i) DEFINITIONS; ACTUARIAL METHOD.—For purposes of this section—

''(1) BARGAINING PARTY.—The term 'bargaining party' means—

''(A)(i) except as provided in clause (ii), an employer who has an obligation to contribute under the plan; or

''(ii) in the case of a plan described under section 404(c), or a continuation of such a plan, the association of employers that is the employer settlor of the plan; and

''(B) an employee organization which, for purposes of collective bargaining, represents plan participants employed by an employer who has an obligation to contribute under the plan.

''(2) FUNDED PERCENTAGE.—The term 'funded percentage' means the percentage equal to a fraction—

''(A) the numerator of which is the value of the plan's assets, as determined under section 431(c)(2), and

''(B) the denominator of which is the accrued liability of the plan, determined using actuarial assumptions described in section 431(c)(3).

''(3) ACCUMULATED FUNDING DEFICIENCY.—The term 'accumulated funding deficiency' has the meaning given such term in section 412(a).

''(4) ACTIVE PARTICIPANT.—The term 'active participant' means, in connection with a multiemployer plan, a participant who is in covered service under the plan.

''(5) INACTIVE PARTICIPANT.—The term 'inactive participant' means, in connection with a multiemployer plan, a participant, or the beneficiary or alternate payee of a participant, who—

''(A) is not in covered service under the plan, and

''(B) is in pay status under the plan or has a nonforfeitable right to benefits under the plan.

''(6) PAY STATUS.—A person is in pay status under a multiemployer plan if—

''(A) at any time during the current plan year, such person is a participant or beneficiary under the plan and is paid an early, late, normal, or disability retirement benefit under the plan (or a death benefit under the plan related to a retirement benefit), or

''(B) to the extent provided in regulations of the Secretary, such person is entitled to such a benefit under the plan.

''(7) OBLIGATION TO CONTRIBUTE.—The term 'obligation to contribute' has the meaning given such term under section 4212(a) of the Employee Retirement Income Security Act of 1974.

''(8) ACTUARIAL METHOD.—Notwithstanding any other provision of this section, the actuary's determinations with respect to a plan's normal cost, actuarial accrued liability, and improvements in a plan's funded percentage under this section shall be based upon the unit credit funding method (whether or not that method is used for the plan's actuarial valuation).

''(9) PLAN SPONSOR.—In the case of a plan described under section 404(c), or a continuation of such a plan, the term 'plan sponsor' means the bargaining parties described under paragraph (1).

''(10) BENEFIT COMMENCEMENT DATE.—The term 'benefit commencement date' means the annuity starting date (or in the case of a retroactive annuity starting date, the date on which benefit payments begin).''

(b) EXCISE TAXES ON FAILURES RELATING TO MULTIEMPLOYER PLANS IN ENDANGERED OR CRITICAL STATUS.—

(1) IN GENERAL.—Section 4971 of the Internal Revenue Code of 1986 is amended by redesignating subsection (g) as subsection (h) and by inserting after subsection (f) the following:

''(g) MULTIEMPLOYER PLANS IN ENDANGERED OR CRITICAL STATUS.—

''(1) IN GENERAL.—Except as provided in this subsection—

''(A) no tax shall be imposed under this section for a taxable year with respect to a multiemployer plan if, for the plan years ending with or within the taxable year, the plan is in critical status pursuant to section 432, and

''(B) any tax imposed under this subsection for a taxable year with respect to a multiemployer plan if, for the plan years ending with or within the taxable year, the plan is in endangered status pursuant to section 432 shall be in addition to any other tax imposed by this section.

''(2) FAILURE TO COMPLY WITH FUNDING IMPROVEMENT OR REHABILITATION PLAN.—

''(A) IN GENERAL.—If any funding improvement plan or rehabilitation plan in effect under section 432 with respect to a multiemployer plan requires an employer to make a contribution to the plan, there is hereby imposed a tax on each failure of the employer to make the required contribution within the time required under such plan.

''(B) AMOUNT OF TAX.—The amount of the tax imposed by subparagraph (A) shall be equal to the amount of the required contribution the employer failed to make in a timely manner.

''(C) LIABILITY FOR TAX.—The tax imposed by subparagraph (A) shall be paid by the employer responsible for contributing to or under the rehabilitation plan which fails to make the contribution.

''(3) FAILURE TO MEET REQUIREMENTS FOR PLANS IN ENDANGERED OR CRITICAL STATUS.—If—

''(A) a plan which is in seriously endangered status fails to meet the applicable benchmarks by the end of the funding improvement period, or

''(B) a plan which is in critical status either—

''(i) fails to meet the requirements of section 432(e) by the end of the rehabilitation period, or

''(ii) has received a certification under section 432(b)(3)(A)(ii) for 3 consecutive plan years that the plan is not making the scheduled progress in meeting its requirements under the rehabilitation plan,

the plan shall be treated as having an accumulated funding deficiency for purposes of

this section for the last plan year in such funding improvement, rehabilitation, or 3-consecutive year period (and each succeeding plan year until such benchmarks or requirements are met) in an amount equal to the greater of the amount of the contributions necessary to meet such benchmarks or requirements or the amount of such accumulated funding deficiency without regard to this paragraph.

''(4) FAILURE TO ADOPT REHABILITATION PLAN.—

''(A) IN GENERAL.—In the case of a multiemployer plan which is in critical status, there is hereby imposed a tax on the failure of such plan to adopt a rehabilitation plan within the time prescribed under section 432.

''(B) AMOUNT OF TAX.—The amount of the tax imposed under subparagraph (A) with respect to any plan sponsor for any taxable year shall be the greater of—

''(i) the amount of tax imposed under subsection (a) for the taxable year (determined without regard to this subsection), or

''(ii) the amount equal to $1,100 multiplied by the number of days during the taxable year which are included in the period beginning on the first day of the 240-day period described in section 432(e)(1)(A) and ending on the day on which the rehabilitation plan is adopted.

''(C) LIABILITY FOR TAX.—

''(i) IN GENERAL.—The tax imposed by subparagraph (A) shall be paid by each plan sponsor.

''(ii) PLAN SPONSOR.—For purposes of clause (i), the term 'plan sponsor' in the case of a multiemployer plan means the association, committee, joint board of trustees, or other similar group of representatives of the parties who establish or maintain the plan.

''(5) WAIVER.—In the case of a failure described in paragraph (2) or (3) which is due to reasonable cause and not to willful neglect, the Secretary may waive part or all of the tax imposed by this subsection. For purposes of this paragraph, reasonable cause includes unanticipated and material market fluctuations, the loss of a significant contributing employer, or other factors to the extent that the payment of tax under this subsection with respect to the failure would be excessive or otherwise inequitable relative to the failure involved.

''(6) TERMS USED IN SECTION 432.—For purposes of this subsection, any term used in this subsection which is also used in section 432 shall have the meaning given such term by section 432.''.

(2) CONTROLLED GROUPS.—Section 4971(c)(2) of such Code is amended—

(A) by striking ''In the case of a plan other than a multiemployer plan, if the'' and inserting ''If an'', and

(B) by striking ''or (f)'' and inserting ''(f), or (g)''.

(c) NO ADDITIONAL CONTRIBUTION REQUIRED.—Section 412(b) of the Internal Revenue Code of 1986, as amended by this Act, is amended by adding at the end the following new paragraph:

''(3) MULTIEMPLOYER PLANS IN CRITICAL STATUS.—Paragraph (1) shall not apply in the case of a multiemployer plan for any plan year in which the plan is in critical status pursuant to section 432. This paragraph shall only apply if the plan adopts a rehabilitation plan in accordance with section 432(e) and complies with such rehabilitation plan (and any modifications of the plan).''.

(d) CLERICAL AMENDMENT.—The table of sections for subpart A of part III of subchapter D of chapter 1 of such Code is amended by adding at the end the following new item:

''Sec. 432. Additional funding rules for multiemployer plans in endangered status or critical status.''.

(e) EFFECTIVE DATES.—

(1) IN GENERAL.—The amendments made by this section shall apply with respect to plan years beginning after 2007.

(2) SPECIAL RULE FOR CERTAIN NOTICES.—In any case in which a plan's actuary certifies that it is reasonably expected that a multiemployer plan will be in critical status under section 305(b)(3) of the Employee Retirement Income Security Act of 1974, as added by this section, with respect to the first plan year beginning after 2007, the notice required under subparagraph (D) of such section may be provided at any time after the date of enactment, so long as it is provided on or before the last date for providing the notice under such subparagraph.

(3) SPECIAL RULE FOR CERTAIN RESTORED BENEFITS.—In the case of a multiemployer plan—

(A) with respect to which benefits were reduced pursuant to a plan amendment adopted on or after January 1, 2002, and before June 30, 2005, and

(B) which, pursuant to the plan document, the trust agreement, or a formal written communication from the plan sponsor to participants provided before June 30, 2005, provided for the restoration of such benefits,

the amendments made by this section shall not apply to such benefit restorations to the extent that any restriction on the providing or accrual of such benefits would otherwise apply by reason of such amendments.

SEC. 213. MEASURES TO FORESTALL INSOLVENCY OF MULTIEMPLOYER PLANS.

(a) ADVANCE DETERMINATION OF IMPENDING INSOLVENCY OVER 5 YEARS.—Section 418E(d)(1) of the Internal Revenue Code of 1986 is amended—

(1) by striking ''3 plan years'' the second place it appears and inserting ''5 plan years''; and

(2) by adding at the end the following new sentence: ''If the plan sponsor makes such a determination that the plan will be insolvent in any of the next 5 plan years, the plan sponsor shall make the comparison under this paragraph at least annually until the plan sponsor makes a determination that the plan will not be insolvent in any of the next 5 plan years.''.

(b) EFFECTIVE DATE.—The amendments made by this section shall apply with respect to the determinations made in plan years beginning after 2007.

SEC. 214. EXEMPTION FROM EXCISE TAXES FOR CERTAIN MULTIEMPLOYER PENSION PLANS.

(a) IN GENERAL.—Notwithstanding any other provision of law, no tax shall be imposed under subsection (a) or (b) of section 4971 of the Internal Revenue Code of 1986 with respect to any accumulated funding deficiency of a plan described in subsection (b) of this section for any taxable year beginning before the earlier of—

(1) the taxable year in which the plan sponsor adopts a rehabilitation plan under section 305(e) of the Employee Retirement Income Security Act of 1974 and section 432(e) of such Code (as added by this Act); or

(2) the taxable year that contains January 1, 2009.

(b) PLAN DESCRIBED.—A plan described under this subsection is a multiemployer pension plan—

(1) with less than 100 participants;

(2) with respect to which the contributing employers participated in a Federal fishery capacity reduction program;

(3) with respect to which employers under the plan participated in the Northeast Fisheries Assistance Program; and

(4) with respect to which the annual normal cost is less than $100,000 and the plan is experiencing a funding deficiency on the date of enactment of this Act.

Subtitle C—Sunset of Additional Funding Rules

SEC. 221. SUNSET OF ADDITIONAL FUNDING RULES.

(a) REPORT.—Not later than December 31, 2011, the Secretary of Labor, the Secretary of the Treasury, and the Executive Director of the Pension Benefit Guaranty Corporation shall conduct a study of the effect of the amendments made by this subtitle on the operation and funding status of multiemployer plans and shall report the results of such study, including any recommendations for legislation, to the Congress.

(b) MATTERS INCLUDED IN STUDY.—The study required under subsection (a) shall include—

(1) the effect of funding difficulties, funding rules in effect before the date of the enactment of this Act, and the amendments made by this subtitle on small businesses participating in multiemployer plans,

(2) the effect on the financial status of small employers of—

(A) funding targets set in funding improvement and rehabilitation plans and associated contribution increases,

(B) funding deficiencies,

(C) excise taxes,

(D) withdrawal liability,

(E) the possibility of alternatives schedules and procedures for financially-troubled employers, and

(F) other aspects of the multiemployer system, and

(3) the role of the multiemployer pension plan system in helping small employers to offer pension benefits.

(c) SUNSET.—

(1) IN GENERAL.—Except as provided in this subsection, notwithstanding any other provision of this Act, the provisions of, and the amendments made by, sections 201(b), 202, and 212 shall not apply to plan years beginning after December 31, 2014.

(2) FUNDING IMPROVEMENT AND REHABILITATION PLANS.—If a plan is operating under a funding improvement or rehabilitation plan under section 305 of such Act or 432 of such Code for its last year beginning before January 1, 2015, such plan shall continue to operate under such funding improvement or rehabilitation plan during any period after December 31, 2014, such funding improvement or rehabilitation plan is in effect and all provisions of such Act or Code relating to the operation of such funding improvement or rehabilitation plan shall continue in effect during such period.

TITLE III—INTEREST RATE ASSUMPTIONS

SEC. 301. EXTENSION OF REPLACEMENT OF 30-YEAR TREASURY RATES.

(a) AMENDMENTS OF ERISA.—

(1) DETERMINATION OF RANGE.—Subclause (II) of section 302(b)(5)(B)(ii) of the Employee Retirement Income Security Act of 1974 is amended—

(A) by striking ''2006'' and inserting ''2008'', and

(B) by striking ''**AND 2005**'' in the heading and inserting ''**, 2005, 2006, AND 2007**''.

(2) DETERMINATION OF CURRENT LIABILITY.—Subclause (IV) of section 302(d)(7)(C)(i) of such Act is amended—

(A) by striking ''or 2005'' and inserting '', 2005, 2006, or 2007'', and

(B) by striking ''**AND 2005**'' in the heading and inserting ''**, 2005, 2006, AND 2007**''.

(3) PBGC PREMIUM RATE.—Subclause (V) of section 4006(a)(3)(E)(iii) of such Act is amended by striking ''2006'' and inserting ''2008''.

(b) AMENDMENTS OF INTERNAL REVENUE CODE.—

(1) DETERMINATION OF RANGE.—Subclause (II) of section 412(b)(5)(B)(ii) of the Internal Revenue Code of 1986 is amended—

(A) by striking ''2006'' and inserting ''2008'', and

(B) by striking ''**AND 2005**'' in the heading and inserting ''**, 2005, 2006, AND 2007**''.

(2) DETERMINATION OF CURRENT LIABILITY.—Subclause (IV) of section 412(l)(7)(C)(i) of such Code is amended—

(A) by striking ''or 2005'' and inserting '', 2005, 2006, or 2007'', and

(B) by striking ''**AND 2005**'' in the heading and inserting ''**, 2005, 2006, AND 2007**''.

(c) PLAN AMENDMENTS.—Clause (ii) of section 101(c)(2)(A) of the Pension Funding Equity Act of 2004 is amended by striking ''2006'' and inserting ''2008''.

SEC. 302. INTEREST RATE ASSUMPTION FOR DETERMINATION OF LUMP SUM DISTRIBUTIONS.

(a) AMENDMENT TO EMPLOYEE RETIREMENT INCOME SECURITY ACT OF 1974.—Paragraph (3) of section 205(g) of the Employee Retirement Income Security Act of 1974 (29 U.S.C. 1055(g)(3)) is amended to read as follows:

''(3)(A) For purposes of paragraphs (1) and (2), the present value shall not be less than the present value calculated by using the applicable mortality table and the applicable interest rate.

''(B) For purposes of subparagraph (A)—

''(i) The term 'applicable mortality table' means a mortality table, modified as appropriate by the Secretary of the Treasury, based on the mortality table specified for the plan year under subparagraph (A) of section 303(h)(3) (without regard to subparagraph (C) or (D) of such section).

''(ii) The term 'applicable interest rate' means the adjusted first, second, and third segment rates applied under rules similar to the rules of section 303(h)(2)(C) for the month before the date of the distribution or such other time as the Secretary of the Treasury may by regulations prescribe.

''(iii) For purposes of clause (ii), the adjusted first, second, and third segment rates are the first, second, and third segment rates which would be determined under section 303(h)(2)(C) if—

''(I) section 303(h)(2)(D) were applied by substituting the average yields for the month described in clause (ii) for the average yields for the 24-month period described in such section,

''(II) section 303(h)(2)(G)(i)(II) were applied by substituting 'section 205(g)(3)(B)(iii)(II)' for 'section 302(b)(5)(B)(ii)(II)', and

''(III) the applicable percentage under section 303(h)(2)(G) were determined in accordance with the following table:

In the case of plan years beginning in:	The applicable percentage is:
2008	20 percent
2009	40 percent
2010	60 percent
2011	80 percent.''.

(b) AMENDMENT TO INTERNAL REVENUE CODE OF 1986.—Paragraph (3) of section 417(e) of the Internal Revenue Code of 1986 is amended to read as follows:

''(3) DETERMINATION OF PRESENT VALUE.—

''(A) IN GENERAL.—For purposes of paragraphs (1) and (2), the present value shall not be less than the present value calculated by using the applicable mortality table and the applicable interest rate.

''(B) APPLICABLE MORTALITY TABLE.—For purposes of subparagraph (A), the term 'applicable mortality table' means a mortality table, modified as appropriate by the Secretary, based on the mortality table specified for the plan year under subparagraph (A) of section 430(h)(3) (without regard to subparagraph (C) or (D) of such section).

''(C) APPLICABLE INTEREST RATE.—For purposes of subparagraph (A), the term 'applicable interest rate' means the adjusted first, second, and third segment rates applied under rules similar to the rules of section 430(h)(2)(C) for the month before the date of the distribution or such other time as the Secretary may by regulations prescribe.

''(D) APPLICABLE SEGMENT RATES.—For purposes of subparagraph (C), the adjusted first, second, and third segment rates are the first, second, and third segment rates which would be determined under section 430(h)(2)(C) if—

''(i) section 430(h)(2)(D) were applied by substituting the average yields for the month described in clause (ii) for the average yields for the 24-month period described in such section,

''(ii) section 430(h)(2)(G)(i)(II) were applied by substituting 'section 417(e)(3)(A)(ii)(II)' for 'section 412(b)(5)(B)(ii)(II)', and

''(iii) the applicable percentage under section 430(h)(2)(G) were determined in accordance with the following table:

In the case of plan years beginning in:	The applicable percentage is:
2008	20 percent
2009	40 percent
2010	60 percent
2011	80 percent.''.

(c) EFFECTIVE DATE.—The amendments made by this section shall apply with respect to plan years beginning after December 31, 2007.

SEC. 303. INTEREST RATE ASSUMPTION FOR APPLYING BENEFIT LIMITATIONS TO LUMP SUM DISTRIBUTIONS.

(a) IN GENERAL.—Clause (ii) of section 415(b)(2)(E) of the Internal Revenue Code of 1986 is amended to read as follows:

''(ii) For purposes of adjusting any benefit under subparagraph (B) for any form of benefit subject to section 417(e)(3), the interest rate assumption shall not be less than the greatest of—

''(I) 5.5 percent,

''(II) the rate that provides a benefit of not more than 105 percent of the benefit that would be provided if the applicable interest rate (as defined in section 417(e)(3)) were the interest rate assumption, or

''(III) the rate specified under the plan.''.

(b) EFFECTIVE DATE.—The amendment made by subsection (a) shall apply to distributions made in years beginning after December 31, 2005.

TITLE IV—PBGC GUARANTEE AND RELATED PROVISIONS

SEC. 401. PBGC PREMIUMS.

(a) VARIABLE-RATE PREMIUMS.—

(1) CONFORMING AMENDMENTS RELATED TO FUNDING RULES FOR SINGLE-EMPLOYER PLANS.—Section 4006(a)(3)(E) of the Employee Retirement Income and Security Act of 1974 (29 U.S.C. 1306(a)(3)(E)) is amended by striking clauses (iii) and (iv) and inserting the following:

''(iii) For purposes of clause (ii), the term 'unfunded vested benefits' means, for a plan year, the excess (if any) of—

''(I) the funding target of the plan as determined under section 303(d) for the plan year by only taking into account vested benefits and by using the interest rate described in clause (iv), over

''(II) the fair market value of plan assets for the plan year which are held by the plan on the valuation date.

''(iv) The interest rate used in valuing benefits for purposes of subclause (I) of clause (iii) shall be equal to the first, second, or third segment rate for the month preceding the month in which the plan year begins, which would be determined under section 303(h)(2)(C) if section 303(h)(2)(D) were applied by using the monthly yields for the month preceding the month in which the plan year begins on investment grade corporate bonds with varying maturities and in the top 3 quality levels rather than the average of such yields for a 24-month period.''.

(2) EFFECTIVE DATE.—The amendments made by paragraph (1) shall apply with respect to plan years beginning after 2007.

(b) TERMINATION PREMIUMS.—

(1) REPEAL OF SUNSET PROVISION.—Subparagraph (E) of section 4006(a)(7) of such Act is repealed.

(2) TECHNICAL CORRECTION.—

(A) IN GENERAL.—Section 4006(a)(7)(C)(ii) of such Act is amended by striking ''subparagraph (B)(i)(I)'' and inserting ''subparagraph (B)''.

(B) EFFECTIVE DATE.—The amendment made by this paragraph shall take effect as if included in the provision of the Deficit Reduction Act of 2005 to which it relates.

SEC. 402. SPECIAL FUNDING RULES FOR CERTAIN PLANS MAINTAINED BY COMMERCIAL AIRLINES.

(a) IN GENERAL.—The plan sponsor of an eligible plan may elect to either—

(1) have the rules of subsection (b) apply, or

(2) have section 303 of the Employee Retirement Income Security Act of 1974 and section 430 of the Internal Revenue Code of 1986 applied to its first taxable year beginning in 2008 by amortizing the shortfall amortization base for such taxable year over a period of 10 plan years (rather than 7 plan years) beginning with such plan year.

(b) ALTERNATIVE FUNDING SCHEDULE.—

(1) IN GENERAL.—If an election is made under subsection (a)(1) to have this subsection apply to an eligible plan and the requirements of paragraphs (2) and (3) are met with respect to the plan—

(A) in the case of any applicable plan year beginning before January 1, 2008, the plan shall not have an accumulated funding deficiency for purposes of section 302 of the Employee Retirement Income Security Act of 1974 and sections 412 and 4971 of the Internal Revenue Code of 1986 if contributions to the plan for the plan year are not less than the minimum required contribution determined under subsection (e) for the plan for the plan year, and

(B) in the case of any applicable plan year beginning on or after January 1, 2008, the minimum required contribution determined under sections 303 of such Act and 430 of such Code shall, for purposes of sections 302 and 303 of such Act and sections 412, 430, and 4971 of such Code, be equal to the minimum required contribution determined under subsection (e) for the plan for the plan year.

(2) ACCRUAL RESTRICTIONS.—

(A) IN GENERAL.—The requirements of this paragraph are met if, effective as of the first day of the first applicable plan year and at all times thereafter while an election under this section is in effect, the plan provides that—

(i) the accrued benefit, any death or disability benefit, and any social security supplement described in the last sentence of section 411(a)(9) of such Code and section 204(b)(1)(G) of such Act, of each participant are frozen at the amount of such benefit or supplement immediately before such first day, and

(ii) all other benefits under the plan are eliminated,

but only to the extent the freezing or elimination of such benefits would have been permitted under section 411(d)(6) of such Code and section 204(g) of such Act if they had been implemented by a plan amendment adopted immediately before such first day.

(B) INCREASES IN SECTION 415 LIMITS.—If a plan provides that an accrued benefit of a participant which has been subject to any limitation under section 415 of such Code will be increased if such limitation is increased, the plan shall not be treated as meeting the requirements of this section unless, effective as of the first day of the first

applicable plan year (or, if later, the date of the enactment of this Act) and at all times thereafter while an election under this section is in effect, the plan provides that any such increase shall not take effect. A plan shall not fail to meet the requirements of section 411(d)(6) of such Code and section 204(g) of such Act solely because the plan is amended to meet the requirements of this subparagraph.

(3) RESTRICTION ON APPLICABLE BENEFIT INCREASES.—

(A) IN GENERAL.—The requirements of this paragraph are met if no applicable benefit increase takes effect at any time during the period beginning on July 26, 2005, and ending on the day before the first day of the first applicable plan year.

(B) APPLICABLE BENEFIT INCREASE.—For purposes of this paragraph, the term ''applicable benefit increase'' means, with respect to any plan year, any increase in liabilities of the plan by plan amendment (or otherwise provided in regulations provided by the Secretary) which, but for this paragraph, would occur during the plan year by reason of—

(i) any increase in benefits,

(ii) any change in the accrual of benefits, or

(iii) any change in the rate at which benefits become nonforfeitable under the plan.

(4) EXCEPTION FOR IMPUTED DISABILITY SERVICE.—Paragraphs (2) and (3) shall not apply to any accrual or increase with respect to imputed service provided to a participant during any period of the participant's disability occurring on or after the effective date of the plan amendment providing the restrictions under paragraph (2) (or on or after July 26, 2005, in the case of the restrictions under paragraph (3)) if the participant—

(A) was receiving disability benefits as of such date, or

(B) was receiving sick pay and subsequently determined to be eligible for disability benefits as of such date.

(c) DEFINITIONS.—For purposes of this section—

(1) ELIGIBLE PLAN.—The term ''eligible plan'' means a defined benefit plan (other than a multiemployer plan) to which sections 302 of such Act and 412 of such Code applies which is sponsored by an employer—

(A) which is a commercial airline passenger airline, or

(B) the principal business of which is providing catering services to a commercial passenger airline.

(2) APPLICABLE PLAN YEAR.—The term ''applicable plan year'' means each plan year to which the election under subsection (a)(1) applies under subsection (d)(1)(A).

(d) ELECTIONS AND RELATED TERMS.—

(1) YEARS FOR WHICH ELECTION MADE.—

(A) ALTERNATIVE FUNDING SCHEDULE.—If an election under subsection (a)(1) was made with respect to an eligible plan, the plan sponsor may select either a plan year beginning in 2006 or a plan year beginning in 2007 as the first plan year to which such election applies. The election shall apply to such plan year and all subsequent years. The election shall be made—

(i) not later than December 31, 2006, in the case of an election for a plan year beginning in 2006, or

(ii) not later than December 31, 2007, in the case of an election for a plan year beginning in 2007.

(B) 10 YEAR AMORTIZATION.—An election under subsection (a)(2) shall be made not later than December 31, 2007.

(C) ELECTION OF NEW PLAN YEAR FOR ALTERNATIVE FUNDING SCHEDULE.—In the case of an election under subsection (a)(1), the plan sponsor may specify a new plan year in such election and the plan year of the plan may be changed to such new plan year without the approval of the Secretary of the Treasury.

(2) MANNER OF ELECTION.—A plan sponsor shall make any election under subsection (a) in such manner as the Secretary of the Treasury may prescribe. Such election, once made, may be revoked only with the consent of such Secretary.

(e) MINIMUM REQUIRED CONTRIBUTION.—In the case of an eligible plan with respect to which an election is made under subsection (a)(1)—

(1) IN GENERAL.—In the case of any applicable plan year during the amortization period, the minimum required contribution shall be the amount necessary to amortize the unfunded liability of the plan, determined as of the first day of the plan year, in equal annual installments (until fully amortized) over the remainder of the amortization period. Such amount shall be separately determined for each applicable plan year.

(2) YEARS AFTER AMORTIZATION PERIOD.—In the case of any plan year beginning after the end of the amortization period, section 302(a)(2)(A) of such Act and section 412(a)(2)(A) of such Code shall apply to such plan, but the prefunding balance and funding standard carryover balance as of the first day of the first of such years under section 303(f) of such Act and section 430(f) of such Code shall be zero.

(3) DEFINITIONS.—For purposes of this section—

(A) UNFUNDED LIABILITY.—The term ''unfunded liability'' means the unfunded accrued liability under the plan, determined under the unit credit funding method.

(B) AMORTIZATION PERIOD.—The term ''amortization period'' means the 17-plan year period beginning with the first applicable plan year.

(4) OTHER RULES.—In determining the minimum required contribution and amortization amount under this subsection—

(A) the provisions of section 302(c)(3) of such Act and section 412(c)(3) of such Code, as in effect before the date of enactment of this section, shall apply,

(B) a rate of interest of 8.85 percent shall be used for all calculations requiring an interest rate, and

(C) the value of plan assets shall be equal to their fair market value.

(5) SPECIAL RULE FOR CERTAIN PLAN SPINOFFS.—For purposes of subsection (b), if, with respect to any eligible plan to which this subsection applies—

(A) any applicable plan year includes the date of the enactment of this Act,

(B) a plan was spun off from the eligible plan during the plan year but before such date of enactment,

the minimum required contribution under paragraph (1) for the eligible plan for such applicable plan year shall be an aggregate amount determined as if the plans were a single plan for that plan year (based on the full 12-month plan year in effect prior to the spin-off). The employer shall designate the allocation of such aggregate amount between such plans for the applicable plan year.

(f) SPECIAL RULES FOR CERTAIN BALANCES AND WAIVERS.—In the case of an eligible plan with respect to which an election is made under subsection (a)(1)—

(1) FUNDING STANDARD ACCOUNT AND CREDIT BALANCES.—Any charge or credit in the funding standard account under section 302 of such Act or section 412 of such Code, and any prefunding balance or funding standard carryover balance under section 303 of such Act or section 430 of such Code, as of the day before the first day of the first applicable plan year, shall be reduced to zero.

(2) WAIVED FUNDING DEFICIENCIES.—Any waived funding deficiency under sections 302 and 303 of such Act or section 412 of such Code, as in effect before the date of enactment of this section, shall be deemed satisfied as of the first day of the first applicable plan year and the amount of such waived funding deficiency shall be taken into account in determining the plan's unfunded liability under subsection (e)(3)(A). In the case of a plan amendment adopted to satisfy the requirements of subsection (b)(2), the plan shall not be deemed to violate section 304(b) of such Act or section 412(f) of such Code, as so in effect, by reason of such amendment or any increase in benefits provided to such plan's participants under a separate plan that is a defined contribution plan or a multiemployer plan.

(g) OTHER RULES FOR PLANS MAKING ELECTION UNDER THIS SECTION.—

(1) SUCCESSOR PLANS TO CERTAIN PLANS.—If—

(A) an election under paragraph (1) or (2) of subsection (a) is in effect with respect to any eligible plan, and

(B) the eligible plan is maintained by an employer that establishes or maintains 1 or more other defined benefit plans (other than any multiemployer plan), and such other plans in combination provide benefit accruals to any substantial number of successor employees,

the Secretary of the Treasury may, in the Secretary's discretion, determine that any trust of which any other such plan is a part does not constitute a qualified trust under section 401(a) of the Internal Revenue Code of 1986 unless all benefit obligations of the eligible plan have been satisfied. For purposes of this paragraph, the term ''successor employee'' means any employee who is or was covered by the eligible plan and any employees who perform substantially the same type of work with respect to the same business operations as an employee covered by such eligible plan.

(2) SPECIAL RULES FOR TERMINATIONS.—

(A) PBGC LIABILITY LIMITED.—Section 4022 of the Employee Retirement Income Security Act of 1974, as amended by this Act, is amended by adding at the end the following new subsection:

''(h) SPECIAL RULE FOR PLANS ELECTING CERTAIN FUNDING REQUIREMENTS.—If any plan makes an election under section 402(a)(1) of the Pension Protection Act of 2006 and is terminated effective before the end of the 10-year period beginning on the first day of the first applicable plan year—

''(1) this section shall be applied—

''(A) by treating the first day of the first applicable plan year as the termination date of the plan, and

''(B) by determining the amount of guaranteed benefits on the basis of plan assets and liabilities as of such assumed termination date, and

''(2) notwithstanding section 4044(a), plan assets shall first be allocated to pay the amount, if any, by which—

''(A) the amount of guaranteed benefits under this section (determined without regard to paragraph (1) and on the basis of plan assets and liabilities as of the actual date of plan termination), exceeds

''(B) the amount determined under paragraph (1).''.

(B) TERMINATION PREMIUM.—In applying section 4006(a)(7)(A) of the Employee Retirement Income Security Act of 1974 to an eligible plan during any period in which an election under subsection (a)(1) is in effect—

(i) ''$2,500'' shall be substituted for ''$1,250'' in such section if such plan terminates during the 5-year period beginning on the first day of the first applicable plan year with respect to such plan, and

(ii) such section shall be applied without regard to subparagraph (B) of section

8101(d)(2) of the Deficit Reduction Act of 2005 (relating to special rule for plans terminated in bankruptcy).

The substitution described in clause (i) shall not apply with respect to any plan if the Secretary of Labor determines that such plan terminated as a result of extraordinary circumstances such as a terrorist attack or other similar event.

(3) LIMITATION ON DEDUCTIONS UNDER CERTAIN PLANS.—Section 404(a)(7)(C)(iv) of the Internal Revenue Code of 1986, as added by this Act, shall not apply with respect to any taxable year of a plan sponsor of an eligible plan if any applicable plan year with respect to such plan ends with or within such taxable year.

(4) NOTICE.—In the case of a plan amendment adopted in order to comply with this section, any notice required under section 204(h) of such Act or section 4980F(e) of such Code shall be provided within 15 days of the effective date of such plan amendment. This subsection shall not apply to any plan unless such plan is maintained pursuant to one or more collective bargaining agreements between employee representatives and 1 or more employers.

(h) EXCLUSION OF CERTAIN EMPLOYEES FROM MINIMUM COVERAGE REQUIREMENTS.—

(1) IN GENERAL.—Section 410(b)(3) of such Code is amended by striking the last sentence and inserting the following: ''For purposes of subparagraph (B), management pilots who are not represented in accordance with title II of the Railway Labor Act shall be treated as covered by a collective bargaining agreement described in such subparagraph if the management pilots manage the flight operations of air pilots who are so represented and the management pilots are, pursuant to the terms of the agreement, included in the group of employees benefitting under the trust described in such subparagraph. Subparagraph (B) shall not apply in the case of a plan which provides contributions or benefits for employees whose principal duties are not customarily performed aboard an aircraft in flight (other than management pilots described in the preceding sentence).''

(2) EFFECTIVE DATE.—The amendment made by this subsection shall apply to years beginning before, on, or after the date of the enactment of this Act.

(i) EXTENSION OF SPECIAL RULE FOR ADDITIONAL FUNDING REQUIREMENTS.—In the case of an employer which is a commercial passenger airline, section 302(d)(12) of the Employee Retirement Income Security Act of 1974 and section 412(l)(12) of the Internal Revenue Code of 1986, as in effect before the date of the enactment of this Act, shall each be applied—

(1) by substituting ''December 28, 2007'' for ''December 28, 2005'' in subparagraph (D)(i) thereof, and

(2) without regard to subparagraph (D)(ii).

(j) EFFECTIVE DATE.—Except as otherwise provided in this section, the provisions of and amendments made by this section shall apply to plan years ending after the date of the enactment of this Act.

SEC. 403. LIMITATION ON PBGC GUARANTEE OF SHUTDOWN AND OTHER BENEFITS.

(a) IN GENERAL.—Section 4022(b) of the Employee Retirement Income Security Act of 1974 (29 U.S.C. 1322(b)) is amended by adding at the end the following:

''(8) If an unpredictable contingent event benefit (as defined in section 206(g)(1)) is payable by reason of the occurrence of any event, this section shall be applied as if a plan amendment had been adopted on the date such event occurred.''.

(b) EFFECTIVE DATE.—The amendment made by this section shall apply to benefits that become payable as a result of an event which occurs after July 26, 2005.

SEC. 404. RULES RELATING TO BANKRUPTCY OF EMPLOYER.

(a) GUARANTEE.—Section 4022 of the Employee Retirement Income Security Act of 1974 (29 U.S.C. 1322) is amended by adding at the end the following:

''(g) BANKRUPTCY FILING SUBSTITUTED FOR TERMINATION DATE.—If a contributing sponsor of a plan has filed or has had filed against such person a petition seeking liquidation or reorganization in a case under title 11, United States Code, or under any similar Federal law or law of a State or political subdivision, and the case has not been dismissed as of the termination date of the plan, then this section shall be applied by treating the date such petition was filed as the termination date of the plan.''.

(b) ALLOCATION OF ASSETS AMONG PRIORITY GROUPS IN BANKRUPTCY PROCEEDINGS.—Section 4044 of the Employee Retirement Income Security Act of 1974 (29 U.S.C. 1344) is amended by adding at the end the following:

''(e) BANKRUPTCY FILING SUBSTITUTED FOR TERMINATION DATE.—If a contributing sponsor of a plan has filed or has had filed against such person a petition seeking liquidation or reorganization in a case under title 11, United States Code, or under any similar Federal law or law of a State or political subdivision, and the case has not been dismissed as of the termination date of the plan, then subsection (a)(3) shall be applied by treating the date such petition was filed as the termination date of the plan.''.

(c) EFFECTIVE DATE.—The amendments made this section shall apply with respect to proceedings initiated under title 11, United States Code, or under any similar Federal law or law of a State or political subdivision, on or after the date that is 30 days after the date of enactment of this Act.

SEC. 405. PBGC PREMIUMS FOR SMALL PLANS.

(a) SMALL PLANS.—Paragraph (3) of section 4006(a) of the Employee Retirement Income Security Act of 1974 (29 U.S.C. 1306(a)) is amended—

(1) by striking ''The additional'' in subparagraph (E)(i) and inserting ''Except as provided in subparagraph (H), the additional'', and

(2) by inserting after subparagraph (G) the following new subparagraph:

''(H)(i) In the case of an employer who has 25 or fewer employees on the first day of the plan year, the additional premium determined under subparagraph (E) for each participant shall not exceed $5 multiplied by the number of participants in the plan as of the close of the preceding plan year.

''(ii) For purposes of clause (i), whether an employer has 25 or fewer employees on the first day of the plan year is determined by taking into consideration all of the employees of all members of the contributing sponsor's controlled group. In the case of a plan maintained by two or more contributing sponsors, the employees of all contributing sponsors and their controlled groups shall be aggregated for purposes of determining whether the 25-or-fewer-employees limitation has been satisfied.''

(b) EFFECTIVE DATES.—The amendment made by this section shall apply to plan years beginning after December 31, 2006.

SEC. 406. AUTHORIZATION FOR PBGC TO PAY INTEREST ON PREMIUM OVERPAYMENT REFUNDS.

(a) IN GENERAL.—Section 4007(b) of the Employment Retirement Income Security Act of 1974 (29 U.S.C. 1307(b)) is amended—

(1) by striking ''(b)'' and inserting ''(b)(1)'', and

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

''(2) The corporation is authorized to pay, subject to regulations prescribed by the corporation, interest on the amount of any overpayment of premium refunded to a designated payor. Interest under this paragraph shall be calculated at the same rate and in the same manner as interest is calculated for underpayments under paragraph (1).''

(b) EFFECTIVE DATE.—The amendments made by subsection (a) shall apply to interest accruing for periods beginning not earlier than the date of the enactment of this Act.

SEC. 407. RULES FOR SUBSTANTIAL OWNER BENEFITS IN TERMINATED PLANS.

(a) MODIFICATION OF PHASE-IN OF GUARANTEE.—Section 4022(b)(5) of the Employee Retirement Income Security Act of 1974 (29 U.S.C. 1322(b)(5)) is amended to read as follows:

''(5)(A) For purposes of this paragraph, the term 'majority owner' means an individual who, at any time during the 60-month period ending on the date the determination is being made—

''(i) owns the entire interest in an unincorporated trade or business,

''(ii) in the case of a partnership, is a partner who owns, directly or indirectly, 50 percent or more of either the capital interest or the profits interest in such partnership, or

''(iii) in the case of a corporation, owns, directly or indirectly, 50 percent or more in value of either the voting stock of that corporation or all the stock of that corporation. For purposes of clause (iii), the constructive ownership rules of section 1563(e) of the Internal Revenue Code of 1986 (other than paragraph (3)(C) thereof) shall apply, including the application of such rules under section 414(c) of such Code.

''(B) In the case of a participant who is a majority owner, the amount of benefits guaranteed under this section shall equal the product of—

''(i) a fraction (not to exceed 1) the numerator of which is the number of years from the later of the effective date or the adoption date of the plan to the termination date, and the denominator of which is 10, and

''(ii) the amount of benefits that would be guaranteed under this section if the participant were not a majority owner.''

(b) MODIFICATION OF ALLOCATION OF ASSETS.—

(1) Section 4044(a)(4)(B) of the Employee Retirement Income Security Act of 1974 (29 U.S.C. 1344(a)(4)(B)) is amended by striking ''section 4022(b)(5)'' and inserting ''section 4022(b)(5)(B)''.

(2) Section 4044(b) of such Act (29 U.S.C. 1344(b)) is amended—

(A) by striking ''(5)'' in paragraph (2) and inserting ''(4), (5),'', and

(B) by redesignating paragraphs (3) through (6) as paragraphs (4) through (7), respectively, and by inserting after paragraph (2) the following new paragraph:

''(3) If assets available for allocation under paragraph (4) of subsection (a) are insufficient to satisfy in full the benefits of all individuals who are described in that paragraph, the assets shall be allocated first to benefits described in subparagraph (A) of that paragraph. Any remaining assets shall then be allocated to benefits described in subparagraph (B) of that paragraph. If assets allocated to such subparagraph (B) are insufficient to satisfy in full the benefits described in that subparagraph, the assets shall be allocated pro rata among individuals on the basis of the present value (as of the termination date) of their respective benefits described in that subparagraph.''

(c) CONFORMING AMENDMENTS.—

(1) Section 4021 of the Employee Retirement Income Security Act of 1974 (29 U.S.C. 1321) is amended—

(A) in subsection (b)(9), by striking ''as defined in section 4022(b)(6)'', and

(B) by adding at the end the following new subsection:

''(d) For purposes of subsection (b)(9), the term 'substantial owner' means an individual who, at any time during the 60-month period ending on the date the determination is being made—

''(1) owns the entire interest in an unincorporated trade or business,

''(2) in the case of a partnership, is a partner who owns, directly or indirectly, more than 10 percent of either the capital interest or the profits interest in such partnership, or

''(3) in the case of a corporation, owns, directly or indirectly, more than 10 percent in value of either the voting stock of that corporation or all the stock of that corporation. For purposes of paragraph (3), the constructive ownership rules of section 1563(e) of the Internal Revenue Code of 1986 (other than paragraph (3)(C) thereof) shall apply, including the application of such rules under section 414(c) of such Code.''

(2) Section 4043(c)(7) of such Act (29 U.S.C. 1343(c)(7)) is amended by striking ''section 4022(b)(6)'' and inserting ''section 4021(d)''.

(d) EFFECTIVE DATES.—

(1) IN GENERAL.—Except as provided in paragraph (2), the amendments made by this section shall apply to plan terminations—

(A) under section 4041(c) of the Employee Retirement Income Security Act of 1974 (29 U.S.C. 1341(c)) with respect to which notices of intent to terminate are provided under section 4041(a)(2) of such Act (29 U.S.C. 1341(a)(2)) after December 31, 2005, and

(B) under section 4042 of such Act (29 U.S.C. 1342) with respect to which notices of determination are provided under such section after such date.

(2) CONFORMING AMENDMENTS.—The amendments made by subsection (c) shall take effect on January 1, 2006.

SEC. 408. ACCELERATION OF PBGC COMPUTATION OF BENEFITS ATTRIBUTABLE TO RECOVERIES FROM EMPLOYERS.

(a) MODIFICATION OF AVERAGE RECOVERY PERCENTAGE OF OUTSTANDING AMOUNT OF BENEFIT LIABILITIES PAYABLE BY CORPORATION TO PARTICIPANTS AND BENEFICIARIES.—Section 4022(c)(3)(B)(ii) of the Employee Retirement Income Security Act of 1974 (29 U.S.C. 1322(c)(3)(B)(ii)) is amended to read as follows:

''(ii) notices of intent to terminate were provided (or in the case of a termination by the corporation, a notice of determination under section 4042 was issued) during the 5-Federal fiscal year period ending with the third fiscal year preceding the fiscal year in which occurs the date of the notice of intent to terminate (or the notice of determination under section 4042) with respect to the plan termination for which the recovery ratio is being determined.''

(b) VALUATION OF SECTION 4062(c) LIABILITY FOR DETERMINING AMOUNTS PAYABLE BY CORPORATION TO PARTICIPANTS AND BENEFICIARIES.—

(1) SINGLE-EMPLOYER PLAN BENEFITS GUARANTEED.—Section 4022(c)(3)(A) of the Employee Retirement Income Security Act of 1974 (29 U.S.C. 13) is amended to read as follows:

''(A) IN GENERAL.—Except as provided in subparagraph (C), the term 'recovery ratio' means the ratio which—

''(i) the sum of the values of all recoveries under section 4062, 4063, or 4064, determined by the corporation in connection with plan terminations described under subparagraph (B), bears to

''(ii) the sum of all unfunded benefit liabilities under such plans as of the termination date in connection with any such prior termination.''.

(2) ALLOCATION OF ASSETS.—Section 4044 of the Employee Retirement Income Security Act of 1974 (29 U.S.C. 1362) is amended by adding at the end the following new subsection:

''(e) VALUATION OF SECTION 4062(c) LIABILITY FOR DETERMINING AMOUNTS PAYABLE BY CORPORATION TO PARTICIPANTS AND BENEFICIARIES.—

''(1) IN GENERAL.—In the case of a terminated plan, the value of the recovery of liability under section 4062(c) allocable as a plan asset under this section for purposes of determining the amount of benefits payable by the corporation shall be determined by multiplying—

''(A) the amount of liability under section 4062(c) as of the termination date of the plan, by

''(B) the applicable section 4062(c) recovery ratio.

''(2) SECTION 4062(c) RECOVERY RATIO.—For purposes of this subsection—

''(A) IN GENERAL.—Except as provided in subparagraph (C), the term 'section 4062(c) recovery ratio' means the ratio which—

''(i) the sum of the values of all recoveries under section 4062(c) determined by the corporation in connection with plan terminations described under subparagraph (B), bears to

''(ii) the sum of all the amounts of liability under section 4062(c) with respect to such plans as of the termination date in connection with any such prior termination.

''(B) PRIOR TERMINATIONS.—A plan termination described in this subparagraph is a termination with respect to which—

''(i) the value of recoveries under section 4062(c) have been determined by the corporation, and

''(ii) notices of intent to terminate were provided (or in the case of a termination by the corporation, a notice of determination under section 4042 was issued) during the 5-Federal fiscal year period ending with the third fiscal year preceding the fiscal year in which occurs the date of the notice of intent to terminate (or the notice of determination under section 4042) with respect to the plan termination for which the recovery ratio is being determined.

''(C) EXCEPTION.—In the case of a terminated plan with respect to which the outstanding amount of benefit liabilities exceeds $20,000,000, the term 'section 4062(c) recovery ratio' means, with respect to the termination of such plan, the ratio of—

''(i) the value of the recoveries on behalf of the plan under section 4062(c), to

''(ii) the amount of the liability owed under section 4062(c) as of the date of plan termination to the trustee appointed under section 4042 (b) or (c).

''(3) SUBSECTION NOT TO APPLY.—This subsection shall not apply with respect to the determination of—

''(A) whether the amount of outstanding benefit liabilities exceeds $20,000,000, or

''(B) the amount of any liability under section 4062 to the corporation or the trustee appointed under section 4042 (b) or (c).

''(4) DETERMINATIONS.—Determinations under this subsection shall be made by the corporation. Such determinations shall be binding unless shown by clear and convincing evidence to be unreasonable.''

(c) EFFECTIVE DATE.—The amendments made by this section shall apply for any termination for which notices of intent to terminate are provided (or in the case of a termination by the corporation, a notice of determination under section 4042 under the Employee Retirement Income Security Act of 1974 is issued) on or after the date which is 30 days after the date of enactment of this section.

SEC. 409. TREATMENT OF CERTAIN PLANS WHERE CESSATION OR CHANGE IN MEMBERSHIP OF A CONTROLLED GROUP.

(a) IN GENERAL.—Section 4041(b) of the Employee Retirement Income Security Act of 1974 (29 U.S.C. 1341(b)) is amended by adding at the end the following new paragraph:

''(5) SPECIAL RULE FOR CERTAIN PLANS WHERE CESSATION OR CHANGE IN MEMBERSHIP OF A CONTROLLED GROUP.—

''(A) IN GENERAL.—Except as provided in subparagraph (B), if—

''(i) there is transaction or series of transactions which result in a person ceasing to be a member of a controlled group, and

''(ii) such person immediately before the transaction or series of transactions maintained a single-employer plan which is a defined benefit plan which is fully funded,

then the interest rate used in determining whether the plan is sufficient for benefit liabilities or to otherwise assess plan liabilities for purposes of this subsection or section 4042(a)(4) shall be not less than the interest rate used in determining whether the plan is fully funded.

''(B) LIMITATIONS.—Subparagraph (A) shall not apply to any transaction or series of transactions unless—

''(i) any employer maintaining the plan immediately before or after such transaction or series of transactions—

''(I) has an outstanding senior unsecured debt instrument which is rated investment grade by each of the nationally recognized statistical rating organizations for corporate bonds that has issued a credit rating for such instrument, or

''(II) if no such debt instrument of such employer has been rated by such an organization but 1 or more of such organizations has made an issuer credit rating for such employer, all such organizations which have so rated the employer have rated such employer investment grade, and

''(ii) the employer maintaining the plan after the transaction or series of transactions employs at least 20 percent of the employees located in the United States who were employed by such employer immediately before the transaction or series of transactions.

''(C) FULLY FUNDED.—For purposes of subparagraph (A), a plan shall be treated as fully funded with respect to any transaction or series of transactions if—

''(i) in the case of a transaction or series of transactions which occur in a plan year beginning before January 1, 2008, the funded current liability percentage determined under section 302(d) for the plan year is at least 100 percent, and

''(ii) in the case of a transaction or series of transactions which occur in a plan year beginning on or after such date, the funding target attainment percentage determined under section 303 is, as of the valuation date for such plan year, at least 100 percent.

''(D) 2 YEAR LIMITATION.—Subparagraph (A) shall not apply to any transaction or series of transaction if the plan referred to in subparagraph (A)(ii) is terminated under section 4041(c) or 4042 after the close of the 2-year period beginning on the date on which the first such transaction occurs.''

(b) EFFECTIVE DATE.—The amendments made by this section shall apply to any transaction or series of transactions occurring on and after the date of the enactment of this Act.

SEC. 410. MISSING PARTICIPANTS.

(a) IN GENERAL.—Section 4050 of the Employee Retirement Income Security Act of 1974 (29 U.S.C. 1350) is amended by redesignating subsection (c) as subsection (e) and by inserting after subsection (b) the following new subsections:

''(c) MULTIEMPLOYER PLANS.—The corporation shall prescribe rules similar to the rules in subsection (a) for multiemployer plans covered by this title that terminate under section 4041A.

''(d) PLANS NOT OTHERWISE SUBJECT TO TITLE.—

''(1) TRANSFER TO CORPORATION.—The plan administrator of a plan described in paragraph (4) may elect to transfer a missing participant's benefits to the corporation upon termination of the plan.

''(2) INFORMATION TO THE CORPORATION.—To the extent provided in regulations, the plan administrator of a plan described in paragraph (4) shall, upon termination of the plan, provide the corporation information with respect to benefits of a missing participant if the plan transfers such benefits—

''(A) to the corporation, or

''(B) to an entity other than the corporation or a plan described in paragraph (4)(B)(ii).

''(3) PAYMENT BY THE CORPORATION.—If benefits of a missing participant were transferred to the corporation under paragraph (1), the corporation shall, upon location of the participant or beneficiary, pay to the participant or beneficiary the amount transferred (or the appropriate survivor benefit) either—

''(A) in a single sum (plus interest), or

''(B) in such other form as is specified in regulations of the corporation.

''(4) PLANS DESCRIBED.—A plan is described in this paragraph if—

''(A) the plan is a pension plan (within the meaning of section 3(2))—

''(i) to which the provisions of this section do not apply (without regard to this subsection), and

''(ii) which is not a plan described in paragraphs (2) through (11) of section 4021(b), and

''(B) at the time the assets are to be distributed upon termination, the plan—

''(i) has missing participants, and

''(ii) has not provided for the transfer of assets to pay the benefits of all missing participants to another pension plan (within the meaning of section 3(2)).

''(5) CERTAIN PROVISIONS NOT TO APPLY.—Subsections (a)(1) and (a)(3) shall not apply to a plan described in paragraph (4).''.

(b) CONFORMING AMENDMENTS.—Section 206(f) of such Act (29 U.S.C. 1056(f)) is amended—

(1) by striking ''title IV'' and inserting ''section 4050''; and

(2) by striking ''the plan shall provide that,''.

(c) EFFECTIVE DATE.—The amendments made by this section shall apply to distributions made after final regulations implementing subsections (c) and (d) of section 4050 of the Employee Retirement Income Security Act of 1974 (as added by subsection (a)), respectively, are prescribed.

SEC. 411. DIRECTOR OF THE PENSION BENEFIT GUARANTY CORPORATION.

(a) IN GENERAL.—Title IV of the Employee Retirement Income Security Act of 1974 (29 U.S.C. 1301 et seq.) is amended—

(1) by striking the second sentence of section 4002(a) and inserting the following: ''In carrying out its functions under this title, the corporation shall be administered by a Director, who shall be appointed by the President, by and with the advice and consent of the Senate, and who shall act in accordance with the policies established by the board.''; and

(2) in section 4003(b), by—

(A) striking ''under this title, any member'' and inserting ''under this title, the Director, any member''; and

(B) striking ''designated by the chairman'' and inserting ''designated by the Director or chairman''.

(b) COMPENSATION OF DIRECTOR.—Section 5314 of title 5, United States Code, is amended by adding at the end the following new item:

''Director, Pension Benefit Guaranty Corporation.''.

(c) JURISDICTION OF NOMINATION.—

(1) IN GENERAL.—The Committee on Finance of the Senate and the Committee on Health, Education, Labor, and Pensions of the Senate shall have joint jurisdiction over the nomination of a person nominated by the President to fill the position of Director of the Pension Benefit Guaranty Corporation under section 4002 of the Employee Retirement Income Security Act of 1974 (29 U.S.C. 1302) (as amended by this Act), and if one committee votes to order reported such a nomination, the other shall report within 30 calendar days, or be automatically discharged.

(2) RULEMAKING OF THE SENATE.—This subsection is enacted by Congress—

(A) as an exercise of rulemaking power of the Senate, and as such it is deemed a part of the rules of the Senate, but applicable only with respect to the procedure to be followed in the Senate in the case of a nomination described in such sentence, and it supersedes other rules only to the extent that it is inconsistent with such rules; and

(B) with full recognition of the constitutional right of the Senate to change the rules (so far as relating to the procedure of the Senate) at any time, in the same manner and to the same extent as in the case of any other rule of the Senate.

(d) TRANSITION.—The term of the individual serving as Executive Director of the Pension Benefit Guaranty Corporation on the date of enactment of this Act shall expire on such date of enactment. Such individual, or any other individual, may serve as interim Director of such Corporation until an individual is appointed as Director of such Corporation under section 4002 of the Employee Retirement Income Security Act of 1974 (29 U.S.C. 1302) (as amended by this Act).

SEC. 412. INCLUSION OF INFORMATION IN THE PBGC ANNUAL REPORT.

Section 4008 of the Employee Retirement Income Security Act of 1974 (29 U.S.C. 1308) is amended by—

(1) striking ''As soon as practicable'' and inserting ''(a) As soon as practicable''; and

(2) adding at the end the following:

''(b) The report under subsection (a) shall include—

''(1) a summary of the Pension Insurance Modeling System microsimulation model, including the specific simulation parameters, specific initial values, temporal parameters, and policy parameters used to calculate the financial statements for the corporation;

''(2) a comparison of—

''(A) the average return on investments earned with respect to assets invested by the corporation for the year to which the report relates; and

''(B) an amount equal to 60 percent of the average return on investment for such year in the Standard & Poor's 500 Index, plus 40 percent of the average return on investment for such year in the Lehman Aggregate Bond Index (or in a similar fixed income index); and

''(3) a statement regarding the deficit or surplus for such year that the corporation would have had if the corporation had earned the return described in paragraph (2)(B) with respect to assets invested by the corporation.''.

TITLE V—DISCLOSURE

SEC. 501. DEFINED BENEFIT PLAN FUNDING NOTICE.

(a) IN GENERAL.—Section 101(f) of the Employee Retirement Income Security Act of 1974 (29 U.S.C. 1021(f)) is amended to read as follows:

''(f) DEFINED BENEFIT PLAN FUNDING NOTICES.—

''(1) IN GENERAL.—The administrator of a defined benefit plan to which title IV applies shall for each plan year provide a plan funding notice to the Pension Benefit Guaranty Corporation, to each plan participant and beneficiary, to each labor organization representing such participants or beneficiaries, and, in the case of a multiemployer plan, to each employer that has an obligation to contribute to the plan.

''(2) INFORMATION CONTAINED IN NOTICES.—

''(A) IDENTIFYING INFORMATION.—Each notice required under paragraph (1) shall contain identifying information, including the name of the plan, the address and phone number of the plan administrator and the plan's principal administrative officer, each plan sponsor's employer identification number, and the plan number of the plan.

''(B) SPECIFIC INFORMATION.—A plan funding notice under paragraph (1) shall include—

''(i)(I) in the case of a single-employer plan, a statement as to whether the plan's funding target attainment percentage (as defined in section 303(d)(2)) for the plan year to which the notice relates, and for the 2 preceding plan years, is at least 100 percent (and, if not, the actual percentages), or

''(II) in the case of a multiemployer plan, a statement as to whether the plan's funded percentage (as defined in section 305(i)) for the plan year to which the notice relates, and for the 2 preceding plan years, is at least 100 percent (and, if not, the actual percentages),

''(ii)(I) in the case of a single-employer plan, a statement of—

''(aa) the total assets (separately stating the prefunding balance and the funding standard carryover balance) and liabilities of the plan, determined in the same manner as under section 303, for the plan year for which the latest annual report filed under section 104(a) was filed and for the 2 preceding plan years, as reported in the annual report for each such plan year, and

''(bb) the value of the plan's assets and liabilities for the plan year to which the notice relates as of the last day of the plan year to which the notice relates determined using the asset valuation under subclause (II) of section 4006(a)(3)(E)(iii) and the interest rate under section 4006(a)(3)(E)(iv), and

''(II) in the case of a multiemployer plan, a statement of the value of the plan's assets and liabilities for the plan year to which the notice relates as the last day of such plan year and the preceding 2 plan years,

''(iii) a statement of the number of participants who are—

''(I) retired or separated from service and are receiving benefits,

''(II) retired or separated participants entitled to future benefits, and

''(III) active participants under the plan,

''(iv) a statement setting forth the funding policy of the plan and the asset allocation of investments under the plan (expressed as percentages of total assets) as of the end of the plan year to which the notice relates,

''(v) in the case of a multiemployer plan, whether the plan was in critical or endangered status under section 305 for such plan year and, if so—

''(I) a statement describing how a person may obtain a copy of the plan's funding improvement or rehabilitation plan, as appropriate, adopted under section 305 and the actuarial and financial data that demonstrate any action taken by the plan toward fiscal improvement, and

''(II) a summary of any funding improvement plan, rehabilitation plan, or modification thereof adopted under section 305 during the plan year to which the notice relates,

''(vi) in the case of any plan amendment, scheduled benefit increase or reduction, or other known event taking effect in the current plan year and having a material effect on plan liabilities or assets for the year (as defined in regulations by the Secretary), an explanation of the amendment, schedule increase or reduction, or event, and a projection to the end of such plan year of the effect of the amendment, scheduled increase or reduction, or event on plan liabilities,

''(vii)(I) in the case of a single-employer plan, a summary of the rules governing termination of single-employer plans under subtitle C of title IV, or

''(II) in the case of a multiemployer plan, a summary of the rules governing reorganization or insolvency, including the limitations on benefit payments,

''(viii) a general description of the benefits under the plan which are eligible to be guaranteed by the Pension Benefit Guaranty Corporation, along with an explanation of the limitations on the guarantee and the circumstances under which such limitations apply,

''(ix) a statement that a person may obtain a copy of the annual report of the plan filed under section 104(a) upon request, through the Internet website of the Department of Labor, or through an Intranet website maintained by the applicable plan sponsor (or plan administrator on behalf of the plan sponsor), and

''(x) if applicable, a statement that each contributing sponsor, and each member of the contributing sponsor's controlled group, of the single-employer plan was required to provide the information under section 4010 for the plan year to which the notice relates.

''(C) OTHER INFORMATION.—Each notice under paragraph (1) shall include—

''(i) in the case of a multiemployer plan, a statement that the plan administrator shall provide, upon written request, to any labor organization representing plan participants and beneficiaries and any employer that has an obligation to contribute to the plan, a copy of the annual report filed with the Secretary under section 104(a), and

''(ii) any additional information which the plan administrator elects to include to the extent not inconsistent with regulations prescribed by the Secretary.

''(3) TIME FOR PROVIDING NOTICE.—

''(A) IN GENERAL.—Any notice under paragraph (1) shall be provided not later than 120 days after the end of the plan year to which the notice relates.

''(B) EXCEPTION FOR SMALL PLANS.—In the case of a small plan (as such term is used under section 303(g)(2)(B)) any notice under paragraph (1) shall be provided upon filing of the annual report under section 104(a).

''(4) FORM AND MANNER.—Any notice under paragraph (1)—

''(A) shall be provided in a form and manner prescribed in regulations of the Secretary,

''(B) shall be written in a manner so as to be understood by the average plan participant, and

''(C) may be provided in written, electronic, or other appropriate form to the extent such form is reasonably accessible to persons to whom the notice is required to be provided.''.

(b) REPEAL OF NOTICE TO PARTICIPANTS OF FUNDING STATUS.—

(1) IN GENERAL.—Title IV of such Act (29 U.S.C. 1301 et seq.) is amended by striking section 4011.

(2) CLERICAL AMENDMENT.—Section 1 of such Act is amended in the table of contents by striking the item relating to section 4011.

(c) MODEL NOTICE.—Not later than 1 year after the date of the enactment of this Act, the Secretary of Labor shall publish a model version of the notice required by section 101(f) of the Employee Retirement Income Security Act of 1974. The Secretary of Labor may promulgate any interim final rules as the Secretary determines appropriate to carry out the provisions of this subsection.

(d) EFFECTIVE DATE.—

(1) IN GENERAL.—The amendments made by this section shall apply to plan years beginning after December 31, 2007, except that the amendment made by subsection (b) shall apply to plan years beginning after December 31, 2006.

(2) TRANSITION RULE.—Any requirement under section 101(f) of the Employee Retirement Income Security Act of 1974 (as amended by this section) to report the funding target attainment percentage or funded percentage of a plan with respect to any plan year beginning before January 1, 2008, shall be treated as met if the plan reports—

(A) in the case of a plan year beginning in 2006, the funded current liability percentage (as defined in section 302(d)(8) of such Act) of the plan for such plan year, and

(B) in the case of a plan year beginning in 2007, the funding target attainment percentage or funded percentage as determined using such methods of estimation as the Secretary of the Treasury may provide.

SEC. 502. ACCESS TO MULTIEMPLOYER PENSION PLAN INFORMATION.

(a) FINANCIAL INFORMATION WITH RESPECT TO MULTIEMPLOYER PLANS.—

(1) IN GENERAL.—Section 101 of the Employee Retirement Income Security Act of 1974 (29 U.S.C. 1021), as amended by section 103, is amended—

(A) by redesignating subsection (k) as subsection (l); and

(B) by inserting after subsection (j) the following new subsection:

''(k) MULTIEMPLOYER PLAN INFORMATION MADE AVAILABLE ON REQUEST.—

''(1) IN GENERAL.—Each administrator of a multiemployer plan shall, upon written request, furnish to any plan participant or beneficiary, employee representative, or any employer that has an obligation to contribute to the plan—

''(A) a copy of any periodic actuarial report (including any sensitivity testing) received by the plan for any plan year which has been in the plan's possession for at least 30 days,

''(B) a copy of any quarterly, semi-annual, or annual financial report prepared for the plan by any plan investment manager or advisor or other fiduciary which has been in the plan's possession for at least 30 days, and

''(C) a copy of any application filed with the Secretary of the Treasury requesting an extension under section 304 of this Act or section 431(d) of the Internal Revenue Code of 1986 and the determination of such Secretary pursuant to such application.

''(2) COMPLIANCE.—Information required to be provided under paragraph (1) —

''(A) shall be provided to the requesting participant, beneficiary, or employer within 30 days after the request in a form and manner prescribed in regulations of the Secretary,

''(B) may be provided in written, electronic, or other appropriate form to the extent such form is reasonably accessible to persons to whom the information is required to be provided, and

''(C) shall not—

''(i) include any individually identifiable information regarding any plan participant, beneficiary, employee, fiduciary, or contributing employer, or

''(ii) reveal any proprietary information regarding the plan, any contributing employer, or entity providing services to the plan.

''(3) LIMITATIONS.—In no case shall a participant, beneficiary, or employer be entitled under this subsection to receive more than one copy of any report or application described in paragraph (1) during any one 12-month period. The administrator may make a reasonable charge to cover copying, mailing, and other costs of furnishing copies of information pursuant to paragraph (1). The Secretary may by regulations prescribe the maximum amount which will constitute a reasonable charge under the preceding sentence.''.

(2) ENFORCEMENT.—Section 502(c)(4) of such Act (29 U.S.C. 1132(c)(4)) is amended by striking ''section 101(j)'' and inserting ''subsection (j) or (k) of section 101''.

(3) REGULATIONS.—The Secretary shall prescribe regulations under section 101(k)(2) of the Employee Retirement Income Security Act of 1974 (as added by paragraph (1)) not later than 1 year after the date of the enactment of this Act.

(b) NOTICE OF POTENTIAL WITHDRAWAL LIABILITY TO MULTIEMPLOYER PLANS.—

(1) IN GENERAL.—Section 101 of such Act (as amended by subsection (a)) is amended—

(A) by redesignating subsection (l) as subsection (m); and

(B) by inserting after subsection (k) the following new subsection:

''(l) NOTICE OF POTENTIAL WITHDRAWAL LIABILITY.—

''(1) IN GENERAL.—The plan sponsor or administrator of a multiemployer plan shall, upon written request, furnish to any employer who has an obligation to contribute to the plan a notice of—

''(A) the estimated amount which would be the amount of such employer's withdrawal liability under part 1 of subtitle E of title IV if such employer withdrew on the last day of the plan year preceding the date of the request, and

''(B) an explanation of how such estimated liability amount was determined, including the actuarial assumptions and methods used to determine the value of the plan liabilities and assets, the data regarding employer contributions, unfunded vested benefits, annual changes in the plan's unfunded vested benefits, and the application of any relevant limitations on the estimated withdrawal liability.

For purposes of subparagraph (B), the term 'employer contribution' means, in connection with a participant, a contribution made by an employer as an employer of such participant.

''(2) COMPLIANCE.—Any notice required to be provided under paragraph (1)—

''(A) shall be provided in a form and manner prescribed in regulations of the Secretary to the requesting employer within—

''(i) 180 days after the request, or

''(ii) subject to regulations of the Secretary, such longer time as may be necessary in the case of a plan that determines withdrawal liability based on any method described under paragraph (4) or (5) of section 4211(c); and

''(B) may be provided in written, electronic, or other appropriate form to the extent such form is reasonably accessible to employers to whom the information is required to be provided.

''(3) LIMITATIONS.—In no case shall an employer be entitled under this subsection to receive more than one notice described in paragraph (1) during any one 12-month period. The person required to provide such notice may make a reasonable charge to cover

copying, mailing, and other costs of furnishing such notice pursuant to paragraph (1). The Secretary may by regulations prescribe the maximum amount which will constitute a reasonable charge under the preceding sentence.''.

(2) ENFORCEMENT.—Section 502(c)(4) of such Act (29 U.S.C. 1132(c)(4)) is amended by striking ''section 101(j) or (k)'' and inserting ''subsection (j), (k), or (l) of section 101''.

(c) NOTICE OF AMENDMENT REDUCING FUTURE ACCRUALS.—

(1) AMENDMENT OF ERISA.—Section 204(h)(1) of such Act (29 U.S.C. 1054(h)(1)) is amended by inserting at the end before the period the following: ''and to each employer who has an obligation to contribute to the plan.''.

(2) AMENDMENT OF INTERNAL REVENUE CODE.—Section 4980F(e)(1) of such Code is amended by adding at the end before the period the following: ''and to each employer who has an obligation to contribute to the plan.''.

(d) EFFECTIVE DATE.—The amendments made by this section shall apply to plan years beginning after December 31, 2007.

SEC. 503. ADDITIONAL ANNUAL REPORTING REQUIREMENTS.

(a) ADDITIONAL ANNUAL REPORTING REQUIREMENTS WITH RESPECT TO DEFINED BENEFIT PLANS.—

(1) IN GENERAL.—Section 103 of the Employee Retirement Income Security Act of 1974 (29 U.S.C. 1023) is amended—

(A) in subsection (a)(1)(B), by striking ''subsections (d) and (e)'' and inserting ''subsections (d), (e), and (f)''; and

(B) by adding at the end the following new subsection:

''(f) ADDITIONAL INFORMATION WITH RESPECT TO DEFINED BENEFIT PLANS.—

''(1) LIABILITIES UNDER 2 OR MORE PLANS.—

''(A) IN GENERAL.—In any case in which any liabilities to participants or their beneficiaries under a defined benefit plan as of the end of a plan year consist (in whole or in part) of liabilities to such participants and beneficiaries under 2 or more pension plans as of immediately before such plan year, an annual report under this section for such plan year shall include the funded percentage of each of such 2 or more pension plans as of the last day of such plan year and the funded percentage of the plan with respect to which the annual report is filed as of the last day of such plan year.

''(B) FUNDED PERCENTAGE.—For purposes of this paragraph, the term 'funded percentage'—

''(i) in the case of a single-employer plan, means the funding target attainment percentage, as defined in section 303(d)(2), and

''(ii) in the case of a multiemployer plan, has the meaning given such term in section 305(i)(2).

''(2) ADDITIONAL INFORMATION FOR MULTIEMPLOYER PLANS.—With respect to any defined benefit plan which is a multiemployer plan, an annual report under this section for a plan year shall include, in addition to the information required under paragraph (1), the following, as of the end of the plan year to which the report relates:

''(A) The number of employers obligated to contribute to the plan.

''(B) A list of the employers that contributed more than 5 percent of the total contributions to the plan during such plan year.

''(C) The number of participants under the plan on whose behalf no contributions were made by an employer as an employer of the participant for such plan year and for each of the 2 preceding plan years.

''(D) The ratios of—

''(i) the number of participants under the plan on whose behalf no employer had an obligation to make an employer contribution during the plan year, to

''(ii) the number of participants under the plan on whose behalf no employer had an obligation to make an employer contribution during each of the 2 preceding plan years.

''(E) Whether the plan received an amortization extension under section 304(d) of this Act or section 431(d) of the Internal Revenue Code of 1986 for such plan year and, if so, the amount of the difference between the minimum required contribution for the year and the minimum required contribution which would have been required without regard to the extension, and the period of such extension.

''(F) Whether the plan used the shortfall funding method (as such term is used in section 305) for such plan year and, if so, the amount of the difference between the minimum required contribution for the year and the minimum required contribution which would have been required without regard to the use of such method, and the period of use of such method.

''(G) Whether the plan was in critical or endangered status under section 305 for such plan year, and if so, a summary of any funding improvement or rehabilitation plan (or modification thereto) adopted during the plan year, and the funded percentage of the plan.

''(H) The number of employers that withdrew from the plan during the preceding plan year and the aggregate amount of withdrawal liability assessed, or estimated to be assessed, against such withdrawn employers.

''(I) In the case of a multiemployer plan that has merged with another plan or to which assets and liabilities have been transferred, the actuarial valuation of the assets and liabilities of each affected plan during the year preceding the effective date of the merger or transfer, based upon the most recent data available as of the day before the first day of the plan year, or other valuation method performed under standards and procedures as the Secretary may prescribe by regulation.''.

(2) GUIDANCE BY SECRETARY OF LABOR.—Not later than 1 year after the date of enactment of this Act, the Secretary of Labor shall publish guidance to assist multiemployer defined benefit plans to—

(A) identify and enumerate plan participants for whom there is no employer with an obligation to make an employer contribution under the plan; and

(B) report such information under section 103(f)(2)(D) of the Employee Retirement Income Security Act of 1974 (as added by this section).

(b) ADDITIONAL INFORMATION IN ANNUAL ACTUARIAL STATEMENT REGARDING PLAN RETIREMENT PROJECTIONS.—Section 103(d) of such Act (29 U.S.C. 1023(d)) is amended—

(1) by redesignating paragraphs (12) and (13) as paragraphs (13) and (14), respectively; and

(2) by inserting after paragraph (11) the following new paragraph:

''(12) A statement explaining the actuarial assumptions and methods used in projecting future retirements and forms of benefit distributions under the plan.''.

(c) REPEAL OF SUMMARY ANNUAL REPORT REQUIREMENT FOR DEFINED BENEFIT PLANS.—

(1) IN GENERAL.—Section 104(b)(3) of such Act (29 U.S.C. 1024(b)(3)) is amended by inserting ''(other than an administrator of a defined benefit plan to which the requirements of section 103(f) applies)'' after ''the administrators''.

(2) CONFORMING AMENDMENTS.—Section 101(a)(2) of such Act (29 U.S.C. 1021(a)(2)) is amended by inserting ''subsection (f) and'' before ''sections 104(b)(3) and 105(a) and (c)''.

(d) FURNISHING SUMMARY PLAN INFORMATION TO EMPLOYERS AND EMPLOYEE REPRESENTATIVES OF MULTIEMPLOYER PLANS.—Section 104 of such Act (29 U.S.C. 1024) is amended—

(1) in the header, by striking ''**PARTICIPANTS**'' and inserting ''**PARTICIPANTS AND CERTAIN EMPLOYERS**'';

(2) redesignating subsection (d) as subsection (e); and

(3) inserting after subsection (c) the following:

''(d) FURNISHING SUMMARY PLAN INFORMATION TO EMPLOYERS AND EMPLOYEE REPRESENTATIVES OF MULTIEMPLOYER PLANS.—

''(1) IN GENERAL.—With respect to a multiemployer plan subject to this section, within 30 days after the due date under subsection (a)(1) for the filing of the annual report for the fiscal year of the plan, the administrators shall furnish to each employee organization and to each employer with an obligation to contribute to the plan a report that contains—

''(A) a description of the contribution schedules and benefit formulas under the plan, and any modification to such schedules and formulas, during such plan year;

''(B) the number of employers obligated to contribute to the plan;

''(C) a list of the employers that contributed more than 5 percent of the total contributions to the plan during such plan year;

''(D) the number of participants under the plan on whose behalf no contributions were made by an employer as an employer of the participant for such plan year and for each of the 2 preceding plan years; ''(E) whether the plan was in critical or endangered status under section 305 for such plan year and, if so, include—

''(i) a list of the actions taken by the plan to improve its funding status; and

''(ii) a statement describing how a person may obtain a copy of the plan's improvement or rehabilitation plan, as applicable, adopted under section 305 and the actuarial and financial data that demonstrate any action taken by the plan toward fiscal improvement;

''(F) the number of employers that withdrew from the plan during the preceding plan year and the aggregate amount of withdrawal liability assessed, or estimated to be assessed, against such withdrawn employers, as reported on the annual report for the plan year to which the report under this subsection relates;

''(G) in the case of a multiemployer plan that has merged with another plan or to which assets and liabilities have been transferred, the actuarial valuation of the assets and liabilities of each affected plan during the year preceding the effective date of the merger or transfer, based upon the most recent data available as of the day before the first day of the plan year, or other valuation method performed under standards and procedures as the Secretary may prescribe by regulation;

''(H) a description as to whether the plan—

''(i) sought or received an amortization extension under section 304(d) of this Act or section 431(d) of the Internal Revenue Code of 1986 for such plan year; or

''(ii) used the shortfall funding method (as such term is used in section 305) for such plan year; and

''(I) notification of the right under this section of the recipient to a copy of the annual report filed with the Secretary under subsection (a), summary plan description, summary of any material modification of the plan, upon written request, but that—

''(i) in no case shall a recipient be entitled to receive more than one copy of any such document described during any one 12-month period; and

''(ii) the administrator may make a reasonable charge to cover copying, mailing,

and other costs of furnishing copies of information pursuant to this subparagraph.

''(2) EFFECT OF SUBSECTION.—Nothing in this subsection waives any other provision under this title requiring plan administrators to provide, upon request, information to employers that have an obligation to contribute under the plan.''.

(e) MODEL FORM.—Not later than 1 year after the date of the enactment of this Act, the Secretary of Labor shall publish a model form for providing the statements, schedules, and other material required to be provided under section 101(f) of the Employee Retirement Income Security Act of 1974, as amended by this section. The Secretary of Labor may promulgate any interim final rules as the Secretary determines appropriate to carry out the provisions of this subsection.

(f) EFFECTIVE DATE.—The amendments made by this section shall apply to plan years beginning after December 31, 2007.

SEC. 504. ELECTRONIC DISPLAY OF ANNUAL REPORT INFORMATION.

(a) ELECTRONIC DISPLAY OF INFORMATION.—Section 104(b) of such Act (29 U.S.C. 1024(b)) is amended by adding at the end the following:

''(5) Identification and basic plan information and actuarial information included in the annual report for any plan year shall be filed with the Secretary in an electronic format which accommodates display on the Internet, in accordance with regulations which shall be prescribed by the Secretary. The Secretary shall provide for display of such information included in the annual report, within 90 days after the date of the filing of the annual report, on an Internet website maintained by the Secretary and other appropriate media. Such information shall also be displayed on any Intranet website maintained by the plan sponsor (or by the plan administrator on behalf of the plan sponsor) for the purpose of communicating with employees and not the public, in accordance with regulations which shall be prescribed by the Secretary.''.

(b) EFFECTIVE DATE.—The amendments made by this section shall apply to plan years beginning after December 31, 2007.

SEC. 505. SECTION 4010 FILINGS WITH THE PBGC.

(a) CHANGE IN CRITERIA FOR PERSONS REQUIRED TO PROVIDE INFORMATION TO PBGC.—Section 4010(b) of the Employee Retirement Income Security Act of 1974 (29 U.S.C. 1310(b)) is amended by striking paragraph (1) and inserting the following:

''(1) the funding target attainment percentage (as defined in subsection (d)) at the end of the preceding plan year of a plan maintained by the contributing sponsor or any member of its controlled group is less than 80 percent;''.

(b) ADDITIONAL INFORMATION REQUIRED.—Section 4010 of the Employee Retirement Income Security Act of 1974 (29 U.S.C. 1310) is amended by adding at the end the following new subsection:

''(d) ADDITIONAL INFORMATION REQUIRED.—

''(1) IN GENERAL.—The information submitted to the corporation under subsection (a) shall include—

''(A) the amount of benefit liabilities under the plan determined using the assumptions used by the corporation in determining liabilities;

''(B) the funding target of the plan determined as if the plan has been in at-risk status for at least 5 plan years; and

''(C) the funding target attainment percentage of the plan.

''(2) DEFINITIONS.—For purposes of this subsection:

''(A) FUNDING TARGET.—The term 'funding target' has the meaning provided under section 303(d)(1).

''(B) FUNDING TARGET ATTAINMENT PERCENTAGE.—The term 'funding target attainment percentage' has the meaning provided under section 302(d)(2).

''(C) AT-RISK STATUS.—The term 'at-risk status' has the meaning provided in section 303(i)(4).

''(e) NOTICE TO CONGRESS.—The corporation shall, on an annual basis, submit to the Committee on Health, Education, Labor, and Pensions and the Committee on Finance of the Senate and the Committee on Education and the Workforce and the Committee on Ways and Means of the House of Representatives, a summary report in the aggregate of the information submitted to the corporation under this section.''.

(c) EFFECTIVE DATE.—The amendments made by this section shall apply with respect to years beginning after 2007.

SEC. 506. DISCLOSURE OF TERMINATION INFORMATION TO PLAN PARTICIPANTS.

(a) DISTRESS TERMINATIONS.—

(1) IN GENERAL.—Section 4041(c)(2) of the Employee Retirement Income Security Act of 1974 (29 U.S.C. 1341(c)(2)) is amended by adding at the end the following:

''(D) DISCLOSURE OF TERMINATION INFORMATION.—

''(i) IN GENERAL.—A plan administrator that has filed a notice of intent to terminate under subsection (a)(2) shall provide to an affected party any information provided to the corporation under subsection (a)(2) not later than 15 days after—

''(I) receipt of a request from the affected party for the information; or

''(II) the provision of new information to the corporation relating to a previous request.

''(ii) CONFIDENTIALITY.—

''(I) IN GENERAL.—The plan administrator shall not provide information under clause (i) in a form that includes any information that may directly or indirectly be associated with, or otherwise identify, an individual participant or beneficiary.

''(II) LIMITATION.—A court may limit disclosure under this subparagraph of confidential information described in section 552(b) of title 5, United States Code, to any authorized representative of the participants or beneficiaries that agrees to ensure the confidentiality of such information.

''(iii) FORM AND MANNER OF INFORMATION; CHARGES.—

''(I) FORM AND MANNER.—The corporation may prescribe the form and manner of the provision of information under this subparagraph, which shall include delivery in written, electronic, or other appropriate form to the extent that such form is reasonably accessible to individuals to whom the information is required to be provided.

''(II) REASONABLE CHARGES.—A plan administrator may charge a reasonable fee for any information provided under this subparagraph in other than electronic form.

''(iv) AUTHORIZED REPRESENTATIVE.—For purposes of this subparagraph, the term 'authorized representative' means any employee organization representing participants in the pension plan.''.

(2) CONFORMING AMENDMENT.—Section 4041(c)(1) of the Employee Retirement Income Security Act of 1974 (29 U.S.C. 1341(c)(1)) is amended in subparagraph (C) by striking ''subparagraph (B)'' and inserting ''subparagraphs (B) and (D)''.

(b) INVOLUNTARY TERMINATIONS.—

(1) IN GENERAL.—Section 4042(c) of the Employee Retirement Income Security Act of 1974 (29 U.S.C. 1342(c)) is amended by—

(A) striking ''(c) If the'' and inserting ''(c)(1) If the'';

(B) redesignating paragraph (3) as paragraph (2); and

(C) adding at the end the following:

''(3) DISCLOSURE OF TERMINATION INFORMATION.—

''(A) IN GENERAL.—

''(i) INFORMATION FROM PLAN SPONSOR OR ADMINISTRATOR.—A plan sponsor or plan administrator of a single-employer plan that has received a notice from the corporation of a determination that the plan should be terminated under this section shall provide to an affected party any information provided to the corporation in connection with the plan termination.

''(ii) INFORMATION FROM CORPORATION.—The corporation shall provide a copy of the administrative record, including the trusteeship decision record of a termination of a plan described under clause (i).

''(B) TIMING OF DISCLOSURE.—The plan sponsor, plan administrator, or the corporation, as applicable, shall provide the information described in subparagraph (A) not later than 15 days after—

''(i) receipt of a request from an affected party for such information; or

''(ii) in the case of information described under subparagraph (A)(i), the provision of any new information to the corporation relating to a previous request by an affected party.

''(C) CONFIDENTIALITY.—

''(i) IN GENERAL.—The plan administrator and plan sponsor shall not provide information under subparagraph (A)(i) in a form which includes any information that may directly or indirectly be associated with, or otherwise identify, an individual participant or beneficiary.

''(ii) LIMITATION.—A court may limit disclosure under this paragraph of confidential information described in section 552(b) of title 5, United States Code, to authorized representatives (within the meaning of section 4041(c)(2)(D)(iv)) of the participants or beneficiaries that agree to ensure the confidentiality of such information.

''(D) FORM AND MANNER OF INFORMATION; CHARGES.—

''(i) FORM AND MANNER.—The corporation may prescribe the form and manner of the provision of information under this paragraph, which shall include delivery in written, electronic, or other appropriate form to the extent that such form is reasonably accessible to individuals to whom the information is required to be provided.

''(ii) REASONABLE CHARGES.—A plan sponsor may charge a reasonable fee for any information provided under this paragraph in other than electronic form.''.

(c) EFFECTIVE DATE.—

(1) IN GENERAL.—The amendments made by this section shall apply to any plan termination under title IV of the Employee Retirement Income Security Act of 1974 (29 U.S.C. 1301 et seq.) with respect to which the notice of intent to terminate (or in the case of a termination by the Pension Benefit Guaranty Corporation, a notice of determination under section 4042 of such Act (29 U.S.C. 1342)) occurs after the date of enactment of this Act.

(2) TRANSITION RULE.—If notice under section 4041(c)(2)(D) or 4042(c)(3) of the Employee Retirement Income Security Act of 1974 (as added by this section) would otherwise be required to be provided before the 90th day after the date of the enactment of this Act, such notice shall not be required to be provided until such 90th day.

SEC. 507. NOTICE OF FREEDOM TO DIVEST EMPLOYER SECURITIES.

(a) IN GENERAL.—Section 101 of the Employee Retirement Income Security Act of 1974 (29 U.S.C. 1021), as amended by this Act, is amended by redesignating subsection (m) as subsection (n) and by inserting after subsection (l) the following:

''(m) NOTICE OF RIGHT TO DIVEST.—Not later than 30 days before the first date on which an applicable individual of an applicable individual account plan is eligible to exercise the right under section 204(j) to direct the proceeds from the divestment of employer securities with respect to any type of contribution, the administrator shall provide to such individual a notice—

''(1) setting forth such right under such section, and

''(2) describing the importance of diversifying the investment of retirement account assets.

The notice required by this subsection shall be written in a manner calculated to be understood by the average plan participant and may be delivered in written, electronic, or other appropriate form to the extent that such form is reasonably accessible to the recipient.''

(b) PENALTIES.—Section 502(c)(7) of the Employee Retirement Income Security Act of 1974 (29 U.S.C. 1132(c)(7)) is amended by striking ''section 101(i)'' and inserting ''subsection (i) or (m) of section 101''.

(c) MODEL NOTICE.—The Secretary of the Treasury shall, within 180 days after the date of the enactment of this subsection, prescribe a model notice for purposes of satisfying the requirements of the amendments made by this section.

(d) EFFECTIVE DATES.—

(1) IN GENERAL.—The amendments made by this section shall apply to plan years beginning after December 31, 2006.

(2) TRANSITION RULE.—If notice under section 101(m) of the Employee Retirement Income Security Act of 1974 (as added by this section) would otherwise be required to be provided before the 90th day after the date of the enactment of this Act, such notice shall not be required to be provided until such 90th day.

SEC. 508. PERIODIC PENSION BENEFIT STATEMENTS.

(a) AMENDMENTS OF ERISA.—

(1) IN GENERAL.—Section 105(a) of the Employee Retirement Income Security Act of 1974 (29 U.S.C. 1025(a)) is amended to read as follows:

''(a) REQUIREMENTS TO PROVIDE PENSION BENEFIT STATEMENTS.—

''(1) REQUIREMENTS.—

''(A) INDIVIDUAL ACCOUNT PLAN.—The administrator of an individual account plan (other than a one-participant retirement plan described in section 101(i)(8)(B)) shall furnish a pension benefit statement—

''(i) at least once each calendar quarter to a participant or beneficiary who has the right to direct the investment of assets in his or her account under the plan,

''(ii) at least once each calendar year to a participant or beneficiary who has his or her own account under the plan but does not have the right to direct the investment of assets in that account, and

''(iii) upon written request to a plan beneficiary not described in clause (i) or (ii).

''(B) DEFINED BENEFIT PLAN.—The administrator of a defined benefit plan (other than a one-participant retirement plan described in section 101(i)(8)(B)) shall furnish a pension benefit statement—

''(i) at least once every 3 years to each participant with a nonforfeitable accrued benefit and who is employed by the employer maintaining the plan at the time the statement is to be furnished, and

''(ii) to a participant or beneficiary of the plan upon written request.

Information furnished under clause (i) to a participant may be based on reasonable estimates determined under regulations prescribed by the Secretary, in consultation with the Pension Benefit Guaranty Corporation.

''(2) STATEMENTS.—

''(A) IN GENERAL.—A pension benefit statement under paragraph (1)—

''(i) shall indicate, on the basis of the latest available information—

''(I) the total benefits accrued, and

''(II) the nonforfeitable pension benefits, if any, which have accrued, or the earliest date on which benefits will become nonforfeitable,

''(ii) shall include an explanation of any permitted disparity under section 401(l) of the Internal Revenue Code of 1986 or any floor-offset arrangement that may be applied in determining any accrued benefits described in clause (i),

''(iii) shall be written in a manner calculated to be understood by the average plan participant, and

''(iv) may be delivered in written, electronic, or other appropriate form to the extent such form is reasonably accessible to the participant or beneficiary.

''(B) ADDITIONAL INFORMATION.—In the case of an individual account plan, any pension benefit statement under clause (i) or (ii) of paragraph (1)(A) shall include—

''(i) the value of each investment to which assets in the individual account have been allocated, determined as of the most recent valuation date under the plan, including the value of any assets held in the form of employer securities, without regard to whether such securities were contributed by the plan sponsor or acquired at the direction of the plan or of the participant or beneficiary, and

''(ii) in the case of a pension benefit statement under paragraph (1)(A)(i)—

''(I) an explanation of any limitations or restrictions on any right of the participant or beneficiary under the plan to direct an investment,

''(II) an explanation, written in a manner calculated to be understood by the average plan participant, of the importance, for the long-term retirement security of participants and beneficiaries, of a well-balanced and diversified investment portfolio, including a statement of the risk that holding more than 20 percent of a portfolio in the security of one entity (such as employer securities) may not be adequately diversified, and

''(III) a notice directing the participant or beneficiary to the Internet website of the Department of Labor for sources of information on individual investing and diversification.

''(C) ALTERNATIVE NOTICE.—The requirements of subparagraph (A)(i)(II) are met if, at least annually and in accordance with requirements of the Secretary, the plan—

''(i) updates the information described in such paragraph which is provided in the pension benefit statement, or

''(ii) provides in a separate statement such information as is necessary to enable a participant or beneficiary to determine their nonforfeitable vested benefits.

''(3) DEFINED BENEFIT PLANS.—

''(A) ALTERNATIVE NOTICE.—In the case of a defined benefit plan, the requirements of paragraph (1)(B)(i) shall be treated as met with respect to a participant if at least once each year the administrator provides to the participant notice of the availability of the pension benefit statement and the ways in which the participant may obtain such statement. Such notice may be delivered in written, electronic, or other appropriate form to the extent such form is reasonably accessible to the participant.

''(B) YEARS IN WHICH NO BENEFITS ACCRUE.—The Secretary may provide that years in which no employee or former employee benefits (within the meaning of section 410(b) of the Internal Revenue Code of 1986) under the plan need not be taken into account in determining the 3-year period under paragraph (1)(B)(i).''

(2) CONFORMING AMENDMENTS.—

(A) Section 105 of the Employee Retirement Income Security Act of 1974 (29 U.S.C. 1025) is amended by striking subsection (d).

(B) Section 105(b) of such Act (29 U.S.C. 1025(b)) is amended to read as follows:

''(b) LIMITATION ON NUMBER OF STATEMENTS.—In no case shall a participant or beneficiary of a plan be entitled to more than 1 statement described in subparagraph (A)(iii) or (B)(ii) of subsection (a)(1), whichever is applicable, in any 12-month period.''

(C) Section 502(c)(1) of such Act (29 U.S.C. 1132(c)(1)) is amended by striking ''or section 101(f)'' and inserting ''section 101(f), or section 105(a)''.

(b) MODEL STATEMENTS.—

(1) IN GENERAL.—The Secretary of Labor shall, within 1 year after the date of the enactment of this section, develop 1 or more model benefit statements that are written in a manner calculated to be understood by the average plan participant and that may be used by plan administrators in complying with the requirements of section 105 of the Employee Retirement Income Security Act of 1974.

(2) INTERIM FINAL RULES.—The Secretary of Labor may promulgate any interim final rules as the Secretary determines appropriate to carry out the provisions of this subsection.

(c) EFFECTIVE DATE.—

(1) IN GENERAL.—The amendments made by this section shall apply to plan years beginning after December 31, 2006.

(2) SPECIAL RULE FOR COLLECTIVELY BARGAINED AGREEMENTS.—In the case of a plan maintained pursuant to 1 or more collective bargaining agreements between employee representatives and 1 or more employers ratified on or before the date of the enactment of this Act, paragraph (1) shall be applied to benefits pursuant to, and individuals covered by, any such agreement by substituting for ''December 31, 2006'' the earlier of—

(A) the later of—

(i) December 31, 2007, or

(ii) the date on which the last of such collective bargaining agreements terminates (determined without regard to any extension thereof after such date of enactment), or

(B) December 31, 2008.

SEC. 509. NOTICE TO PARTICIPANTS OR BENEFICIARIES OF BLACKOUT PERIODS.

(a) IN GENERAL.—Section 101(i)(8)(B) of the Employee Retirement Income Security Act of 1974 (29 U.S.C. 1021(i)(8)(B)) is amended by striking clauses (i) through (iv), by redesignating clause (v) as clause (ii), and by inserting before clause (ii), as so redesignated, the following new clause:

''(i) on the first day of the plan year—

''(I) covered only one individual (or the individual and the individual's spouse) and the individual (or the individual and the individual's spouse) owned 100 percent of the plan sponsor (whether or not incorporated), or

''(II) covered only one or more partners (or partners and their spouses) in the plan sponsor, and''.

(b) EFFECTIVE DATE.—The amendments made by this subsection shall take effect as if included in the provisions of section 306 of Public Law 107–204 (116 Stat. 745 et seq.).

TITLE VI—INVESTMENT ADVICE, PROHIBITED TRANSACTIONS, AND FIDUCIARY RULES

Subtitle A—Investment Advice

SEC. 601. PROHIBITED TRANSACTION EXEMPTION FOR PROVISION OF INVESTMENT ADVICE.

(a) AMENDMENTS TO THE EMPLOYEE RETIREMENT INCOME SECURITY ACT OF 1974.—

(1) EXEMPTION FROM PROHIBITED TRANSACTIONS.—Section 408(b) of the Employee Retirement Income Security Act of 1974 (29 U.S.C. 1108(b)) is amended by adding at the end the following new paragraph:

''(14) Any transaction in connection with the provision of investment advice described in section 3(21)(A)(ii) to a participant or beneficiary of an individual account plan that permits such participant or beneficiary to direct the investment of assets in their individual account, if—

''(A) the transaction is—

''(i) the provision of the investment advice to the participant or beneficiary of the plan with respect to a security or other property available as an investment under the plan,

''(ii) the acquisition, holding, or sale of a security or other property available as an investment under the plan pursuant to the investment advice, or

''(iii) the direct or indirect receipt of fees or other compensation by the fiduciary adviser or an affiliate thereof (or any employee, agent, or registered representative of the fiduciary adviser or affiliate) in connection with the provision of the advice or in connection with an acquisition, holding, or sale of a security or other property available as an investment under the plan pursuant to the investment advice; and

''(B) the requirements of subsection (g) are met.''.

(2) REQUIREMENTS.—Section 408 of such Act is amended further by adding at the end the following new subsection:

''(g) PROVISION OF INVESTMENT ADVICE TO PARTICIPANT AND BENEFICIARIES.—

''(1) IN GENERAL.—The prohibitions provided in section 406 shall not apply to transactions described in subsection (b)(14) if the investment advice provided by a fiduciary adviser is provided under an eligible investment advice arrangement.

''(2) ELIGIBLE INVESTMENT ADVICE ARRANGEMENT.—For purposes of this subsection, the term 'eligible investment advice arrangement' means an arrangement—

''(A) which either—

''(i) provides that any fees (including any commission or other compensation) received by the fiduciary adviser for investment advice or with respect to the sale, holding, or acquisition of any security or other property for purposes of investment of plan assets do not vary depending on the basis of any investment option selected, or

''(ii) uses a computer model under an investment advice program meeting the requirements of paragraph (3) in connection with the provision of investment advice by a fiduciary adviser to a participant or beneficiary, and

''(B) with respect to which the requirements of paragraph (4), (5), (6), (7), (8), and (9) are met.

''(3) INVESTMENT ADVICE PROGRAM USING COMPUTER MODEL.—

''(A) IN GENERAL.—An investment advice program meets the requirements of this paragraph if the requirements of subparagraphs (B), (C), and (D) are met.

''(B) COMPUTER MODEL.—The requirements of this subparagraph are met if the investment advice provided under the investment advice program is provided pursuant to a computer model that—

''(i) applies generally accepted investment theories that take into account the historic returns of different asset classes over defined periods of time,

''(ii) utilizes relevant information about the participant, which may include age, life expectancy, retirement age, risk tolerance, other assets or sources of income, and preferences as to certain types of investments,

''(iii) utilizes prescribed objective criteria to provide asset allocation portfolios comprised of investment options available under the plan,

''(iv) operates in a manner that is not biased in favor of investments offered by the fiduciary adviser or a person with a material affiliation or contractual relationship with the fiduciary adviser, and

''(v) takes into account all investment options under the plan in specifying how a participant's account balance should be invested and is not inappropriately weighted with respect to any investment option.

''(C) CERTIFICATION.—

''(i) IN GENERAL.—The requirements of this subparagraph are met with respect to any investment advice program if an eligible investment expert certifies, prior to the utilization of the computer model and in accordance with rules prescribed by the Secretary, that the computer model meets the requirements of subparagraph (B).

''(ii) RENEWAL OF CERTIFICATIONS.—If, as determined under regulations prescribed by the Secretary, there are material modifications to a computer model, the requirements of this subparagraph are met only if a certification described in clause (i) is obtained with respect to the computer model as so modified.

''(iii) ELIGIBLE INVESTMENT EXPERT.—The term 'eligible investment expert' means any person—

''(I) which meets such requirements as the Secretary may provide, and

''(II) does not bear any material affiliation or contractual relationship with any investment adviser or a related person thereof (or any employee, agent, or registered representative of the investment adviser or related person).

''(D) EXCLUSIVITY OF RECOMMENDATION.—The requirements of this subparagraph are met with respect to any investment advice program if—

''(i) the only investment advice provided under the program is the advice generated by the computer model described in subparagraph (B), and

''(ii) any transaction described in subsection (b)(14)(B)(ii) occurs solely at the direction of the participant or beneficiary.

Nothing in the preceding sentence shall preclude the participant or beneficiary from requesting investment advice other than that described in subparagraph (A), but only if such request has not been solicited by any person connected with carrying out the arrangement.

''(4) EXPRESS AUTHORIZATION BY SEPARATE FIDUCIARY.—The requirements of this paragraph are met with respect to an arrangement if the arrangement is expressly authorized by a plan fiduciary other than the person offering the investment advice program, any person providing investment options under the plan, or any affiliate of either.

''(5) ANNUAL AUDIT.—The requirements of this paragraph are met if an independent auditor, who has appropriate technical training or experience and proficiency and so represents in writing—

''(A) conducts an annual audit of the arrangement for compliance with the requirements of this subsection, and

''(B) following completion of the annual audit, issues a written report to the fiduciary who authorized use of the arrangement which presents its specific findings regarding compliance of the arrangement with the requirements of this subsection.

For purposes of this paragraph, an auditor is considered independent if it is not related to the person offering the arrangement to the plan and is not related to any person providing investment options under the plan.

''(6) DISCLOSURE.—The requirements of this paragraph are met if—

''(A) the fiduciary adviser provides to a participant or a beneficiary before the initial provision of the investment advice with regard to any security or other property offered as an investment option, a written notification (which may consist of notification by means of electronic communication)—

''(i) of the role of any party that has a material affiliation or contractual relationship with the financial adviser in the development of the investment advice program and in the selection of investment options available under the plan,

''(ii) of the past performance and historical rates of return of the investment options available under the plan,

''(iii) of all fees or other compensation relating to the advice that the fiduciary adviser or any affiliate thereof is to receive (including compensation provided by any third party) in connection with the provision of the advice or in connection with the sale, acquisition, or holding of the security or other property,

''(iv) of any material affiliation or contractual relationship of the fiduciary adviser or affiliates thereof in the security or other property,

''(v) the manner, and under what circumstances, any participant or beneficiary information provided under the arrangement will be used or disclosed,

''(vi) of the types of services provided by the fiduciary adviser in connection with the provision of investment advice by the fiduciary adviser,

''(vii) that the adviser is acting as a fiduciary of the plan in connection with the provision of the advice, and

''(viii) that a recipient of the advice may separately arrange for the provision of advice by another adviser, that could have no material affiliation with and receive no fees or other compensation in connection with the security or other property, and

''(B) at all times during the provision of advisory services to the participant or beneficiary, the fiduciary adviser—

''(i) maintains the information described in subparagraph (A) in accurate form and in the manner described in paragraph (8),

''(ii) provides, without charge, accurate information to the recipient of the advice no less frequently than annually,

''(iii) provides, without charge, accurate information to the recipient of the advice upon request of the recipient, and

''(iv) provides, without charge, accurate information to the recipient of the advice concerning any material change to the information required to be provided to the recipient of the advice at a time reasonably contemporaneous to the change in information.

''(7) OTHER CONDITIONS.—The requirements of this paragraph are met if—

''(A) the fiduciary adviser provides appropriate disclosure, in connection with the sale, acquisition, or holding of the security or other property, in accordance with all applicable securities laws,

''(B) the sale, acquisition, or holding occurs solely at the direction of the recipient of the advice,

''(C) the compensation received by the fiduciary adviser and affiliates thereof in connection with the sale, acquisition, or holding of the security or other property is reasonable, and

''(D) the terms of the sale, acquisition, or holding of the security or other property are at least as favorable to the plan as an arm's length transaction would be.

''(8) STANDARDS FOR PRESENTATION OF INFORMATION.—

''(A) IN GENERAL.—The requirements of this paragraph are met if the notification required to be provided to participants and

beneficiaries under paragraph (6)(A) is written in a clear and conspicuous manner and in a manner calculated to be understood by the average plan participant and is sufficiently accurate and comprehensive to reasonably apprise such participants and beneficiaries of the information required to be provided in the notification.

''(B) MODEL FORM FOR DISCLOSURE OF FEES AND OTHER COMPENSATION.—The Secretary shall issue a model form for the disclosure of fees and other compensation required in paragraph (6)(A)(iii) which meets the requirements of subparagraph (A).

''(9) MAINTENANCE FOR 6 YEARS OF EVIDENCE OF COMPLIANCE.—The requirements of this paragraph are met if a fiduciary adviser who has provided advice referred to in paragraph (1) maintains, for a period of not less than 6 years after the provision of the advice, any records necessary for determining whether the requirements of the preceding provisions of this subsection and of subsection (b)(14) have been met. A transaction prohibited under section 406 shall not be considered to have occurred solely because the records are lost or destroyed prior to the end of the 6-year period due to circumstances beyond the control of the fiduciary adviser.

''(10) EXEMPTION FOR PLAN SPONSOR AND CERTAIN OTHER FIDUCIARIES.—

''(A) IN GENERAL.—Subject to subparagraph (B), a plan sponsor or other person who is a fiduciary (other than a fiduciary adviser) shall not be treated as failing to meet the requirements of this part solely by reason of the provision of investment advice referred to in section 3(21)(A)(ii) (or solely by reason of contracting for or otherwise arranging for the provision of the advice), if—

''(i) the advice is provided by a fiduciary adviser pursuant to an eligible investment advice arrangement between the plan sponsor or other fiduciary and the fiduciary adviser for the provision by the fiduciary adviser of investment advice referred to in such section,

''(ii) the terms of the eligible investment advice arrangement require compliance by the fiduciary adviser with the requirements of this subsection, and

''(iii) the terms of the eligible investment advice arrangement include a written acknowledgment by the fiduciary adviser that the fiduciary adviser is a fiduciary of the plan with respect to the provision of the advice.

''(B) CONTINUED DUTY OF PRUDENT SELECTION OF ADVISER AND PERIODIC REVIEW.—Nothing in subparagraph (A) shall be construed to exempt a plan sponsor or other person who is a fiduciary from any requirement of this part for the prudent selection and periodic review of a fiduciary adviser with whom the plan sponsor or other person enters into an eligible investment advice arrangement for the provision of investment advice referred to in section 3(21)(A)(ii). The plan sponsor or other person who is a fiduciary has no duty under this part to monitor the specific investment advice given by the fiduciary adviser to any particular recipient of the advice.

''(C) AVAILABILITY OF PLAN ASSETS FOR PAYMENT FOR ADVICE.—Nothing in this part shall be construed to preclude the use of plan assets to pay for reasonable expenses in providing investment advice referred to in section 3(21)(A)(ii).

''(11) DEFINITIONS.—For purposes of this subsection and subsection (b)(14)—

''(A) FIDUCIARY ADVISER.—The term 'fiduciary adviser' means, with respect to a plan, a person who is a fiduciary of the plan by reason of the provision of investment advice referred to in section 3(21)(A)(ii) by the person to the participant or beneficiary of the plan and who is—

''(i) registered as an investment adviser under the Investment Advisers Act of 1940 (15 U.S.C. 80b–1 et seq.) or under the laws of the State in which the fiduciary maintains its principal office and place of business,

''(ii) a bank or similar financial institution referred to in section 408(b)(4) or a savings association (as defined in section 3(b)(1) of the Federal Deposit Insurance Act (12 U.S.C. 1813(b)(1)), but only if the advice is provided through a trust department of the bank or similar financial institution or savings association which is subject to periodic examination and review by Federal or State banking authorities,

''(iii) an insurance company qualified to do business under the laws of a State,

''(iv) a person registered as a broker or dealer under the Securities Exchange Act of 1934 (15 U.S.C. 78a et seq.),

''(v) an affiliate of a person described in any of clauses (i) through (iv), or

''(vi) an employee, agent, or registered representative of a person described in clauses (i) through (v) who satisfies the requirements of applicable insurance, banking, and securities laws relating to the provision of the advice.

For purposes of this part, a person who develops the computer model described in paragraph (3)(B) or markets the investment advice program or computer model shall be treated as a person who is a fiduciary of the plan by reason of the provision of investment advice referred to in section 3(21)(A)(ii) to the participant or beneficiary and shall be treated as a fiduciary adviser for purposes of this subsection and subsection (b)(14), except that the Secretary may prescribe rules under which only 1 fiduciary adviser may elect to be treated as a fiduciary with respect to the plan.

''(B) AFFILIATE.—The term 'affiliate' of another entity means an affiliated person of the entity (as defined in section 2(a)(3) of the Investment Company Act of 1940 (15 U.S.C. 80a-2(a)(3))).

''(C) REGISTERED REPRESENTATIVE.—The term 'registered representative' of another entity means a person described in section 3(a)(18) of the Securities Exchange Act of 1934 (15 U.S.C. 78c(a)(18)) (substituting the entity for the broker or dealer referred to in such section) or a person described in section 202(a)(17) of the Investment Advisers Act of 1940 (15 U.S.C. 80b-2(a)(17)) (substituting the entity for the investment adviser referred to in such section).''.

(3) EFFECTIVE DATE.—The amendments made by this subsection shall apply with respect to advice referred to in section 3(21)(A)(ii) of the Employee Retirement Income Security Act of 1974 provided after December 31, 2006.

(b) AMENDMENTS TO INTERNAL REVENUE CODE OF 1986.—

(1) EXEMPTION FROM PROHIBITED TRANSACTIONS.—Subsection (d) of section 4975 of the Internal Revenue Code of 1986 (relating to exemption from tax on prohibited transactions) is amended—

(A) in paragraph (15), by striking ''or'' at the end;

(B) in paragraph (16), by striking the period at the end and inserting '';or''; and

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

''(17) Any transaction in connection with the provision of investment advice described in subsection (e)(3)(B) to a participant or beneficiary in a plan and that permits such participant or beneficiary to direct the investment of plan assets in an individual account, if—

''(A) the transaction is—

''(i) the provision of the investment advice to the participant or beneficiary of the plan with respect to a security or other property available as an investment under the plan,

''(ii) the acquisition, holding, or sale of a security or other property available as an investment under the plan pursuant to the investment advice, or

''(iii) the direct or indirect receipt of fees or other compensation by the fiduciary adviser or an affiliate thereof (or any employee, agent, or registered representative of the fiduciary adviser or affiliate) in connection with the provision of the advice or in connection with an acquisition, holding, or sale of a security or other property available as an investment under the plan pursuant to the investment advice; and

''(B) the requirements of subsection (f)(8) are met.''.

(2) REQUIREMENTS.—Subsection (f) of such section 4975 (relating to other definitions and special rules) is amended by adding at the end the following new paragraph:

''(8) PROVISION OF INVESTMENT ADVICE TO PARTICIPANT AND BENEFICIARIES.—

''(A) IN GENERAL.—The prohibitions provided in subsection (c) shall not apply to transactions described in subsection (b)(14) if the investment advice provided by a fiduciary adviser is provided under an eligible investment advice arrangement.

''(B) ELIGIBLE INVESTMENT ADVICE ARRANGEMENT.—For purposes of this paragraph, the term 'eligible investment advice arrangement' means an arrangement—

''(i) which either—

''(I) provides that any fees (including any commission or other compensation) received by the fiduciary adviser for investment advice or with respect to the sale, holding, or acquisition of any security or other property for purposes of investment of plan assets do not vary depending on the basis of any investment option selected, or

''(II) uses a computer model under an investment advice program meeting the requirements of subparagraph (C) in connection with the provision of investment advice by a fiduciary adviser to a participant or beneficiary, and

''(ii) with respect to which the requirements of subparagraphs (D), (E), (F), (G), (H), and (I) are met.

''(C) INVESTMENT ADVICE PROGRAM USING COMPUTER MODEL.—

''(i) IN GENERAL.—An investment advice program meets the requirements of this subparagraph if the requirements of clauses (ii), (iii), and (iv) are met.

''(ii) COMPUTER MODEL.—The requirements of this clause are met if the investment advice provided under the investment advice program is provided pursuant to a computer model that—

''(I) applies generally accepted investment theories that take into account the historic returns of different asset classes over defined periods of time,

''(II) utilizes relevant information about the participant, which may include age, life expectancy, retirement age, risk tolerance, other assets or sources of income, and preferences as to certain types of investments,

''(III) utilizes prescribed objective criteria to provide asset allocation portfolios comprised of investment options available under the plan,

''(IV) operates in a manner that is not biased in favor of investments offered by the fiduciary adviser or a person with a material affiliation or contractual relationship with the fiduciary adviser, and

''(V) takes into account all investment options under the plan in specifying how a participant's account balance should be invested and is not inappropriately weighted with respect to any investment option.

''(iii) CERTIFICATION.—

''(I) IN GENERAL.—The requirements of this clause are met with respect to any investment advice program if an eligible investment expert certifies, prior to the utilization of the computer model and in accordance with rules prescribed by the Secretary of Labor, that the computer model meets the requirements of clause (ii).

''(II) RENEWAL OF CERTIFICATIONS.—If, as determined under regulations prescribed by the Secretary of Labor, there are material modifications to a computer model, the requirements of this clause are met only if a certification described in subclause (I) is obtained with respect to the computer model as so modified.

''(III) ELIGIBLE INVESTMENT EXPERT.—The term 'eligible investment expert' means any person which meets such requirements as the Secretary of Labor may provide and which does not bear any material affiliation or contractual relationship with any investment adviser or a related person thereof (or any employee, agent, or registered representative of the investment adviser or related person).

''(iv) EXCLUSIVITY OF RECOMMENDATION.—The requirements of this clause are met with respect to any investment advice program if—

''(I) the only investment advice provided under the program is the advice generated by the computer model described in clause (ii), and

''(II) any transaction described in subsection (b)(14)(B)(ii) occurs solely at the direction of the participant or beneficiary.

Nothing in the preceding sentence shall preclude the participant or beneficiary from requesting investment advice other than that described in clause (i), but only if such request has not been solicited by any person connected with carrying out the arrangement.

''(D) EXPRESS AUTHORIZATION BY SEPARATE FIDUCIARY.—The requirements of this subparagraph are met with respect to an arrangement if the arrangement is expressly authorized by a plan fiduciary other than the person offering the investment advice program, any person providing investment options under the plan, or any affiliate of either.

''(E) AUDITS.—

''(i) IN GENERAL.—The requirements of this subparagraph are met if an independent auditor, who has appropriate technical training or experience and proficiency and so represents in writing—

''(I) conducts an annual audit of the arrangement for compliance with the requirements of this paragraph, and

''(II) following completion of the annual audit, issues a written report to the fiduciary who authorized use of the arrangement which presents its specific findings regarding compliance of the arrangement with the requirements of this paragraph.

''(ii) SPECIAL RULE FOR INDIVIDUAL RETIREMENT AND SIMILAR PLANS.—In the case of a plan described in subparagraphs (B) through (F) (and so much of subparagraph (G) as relates to such subparagraphs) of subsection (e)(1), in lieu of the requirements of clause (i), audits of the arrangement shall be conducted at such times and in such manner as the Secretary of Labor may prescribe.

''(iii) INDEPENDENT AUDITOR.—For purposes of this subparagraph, an auditor is considered independent if it is not related to the person offering the arrangement to the plan and is not related to any person providing investment options under the plan.

''(F) DISCLOSURE.—The requirements of this subparagraph are met if—

''(i) the fiduciary adviser provides to a participant or a beneficiary before the initial provision of the investment advice with regard to any security or other property offered as an investment option, a written notification (which may consist of notification by means of electronic communication)—

''(I) of the role of any party that has a material affiliation or contractual relationship with the financial adviser in the development of the investment advice program and in the selection of investment options available under the plan,

''(II) of the past performance and historical rates of return of the investment options available under the plan,

''(III) of all fees or other compensation relating to the advice that the fiduciary adviser or any affiliate thereof is to receive (including compensation provided by any third party) in connection with the provision of the advice or in connection with the sale, acquisition, or holding of the security or other property,

''(IV) of any material affiliation or contractual relationship of the fiduciary adviser or affiliates thereof in the security or other property,

''(V) the manner, and under what circumstances, any participant or beneficiary information provided under the arrangement will be used or disclosed,

''(VI) of the types of services provided by the fiduciary adviser in connection with the provision of investment advice by the fiduciary adviser,

''(VII) that the adviser is acting as a fiduciary of the plan in connection with the provision of the advice, and

''(VIII) that a recipient of the advice may separately arrange for the provision of advice by another adviser, that could have no material affiliation with and receive no fees or other compensation in connection with the security or other property, and

''(ii) at all times during the provision of advisory services to the participant or beneficiary, the fiduciary adviser—

''(I) maintains the information described in clause (i) in accurate form and in the manner described in subparagraph (H),

''(II) provides, without charge, accurate information to the recipient of the advice no less frequently than annually,

''(III) provides, without charge, accurate information to the recipient of the advice upon request of the recipient, and

''(IV) provides, without charge, accurate information to the recipient of the advice concerning any material change to the information required to be provided to the recipient of the advice at a time reasonably contemporaneous to the change in information.

''(G) OTHER CONDITIONS.—The requirements of this subparagraph are met if—

''(i) the fiduciary adviser provides appropriate disclosure, in connection with the sale, acquisition, or holding of the security or other property, in accordance with all applicable securities laws,

''(ii) the sale, acquisition, or holding occurs solely at the direction of the recipient of the advice,

''(iii) the compensation received by the fiduciary adviser and affiliates thereof in connection with the sale, acquisition, or holding of the security or other property is reasonable, and

''(iv) the terms of the sale, acquisition, or holding of the security or other property are at least as favorable to the plan as an arm's length transaction would be.

''(H) STANDARDS FOR PRESENTATION OF INFORMATION.—

''(i) IN GENERAL.—The requirements of this subparagraph are met if the notification required to be provided to participants and beneficiaries under subparagraph (F)(i) is written in a clear and conspicuous manner and in a manner calculated to be understood by the average plan participant and is sufficiently accurate and comprehensive to reasonably apprise such participants and beneficiaries of the information required to be provided in the notification.

''(ii) MODEL FORM FOR DISCLOSURE OF FEES AND OTHER COMPENSATION.—The Secretary of Labor shall issue a model form for the disclosure of fees and other compensation required in subparagraph (F)(i)(III) which meets the requirements of clause (i).

''(I) MAINTENANCE FOR 6 YEARS OF EVIDENCE OF COMPLIANCE.—The requirements of this subparagraph are met if a fiduciary adviser who has provided advice referred to in subparagraph (A) maintains, for a period of not less than 6 years after the provision of the advice, any records necessary for determining whether the requirements of the preceding provisions of this paragraph and of subsection (d)(17) have been met. A transaction prohibited under section 406 shall not be considered to have occurred solely because the records are lost or destroyed prior to the end of the 6-year period due to circumstances beyond the control of the fiduciary adviser.

''(J) DEFINITIONS.—For purposes of this paragraph and subsection (d)(17)—

''(i) FIDUCIARY ADVISER.—The term 'fiduciary adviser' means, with respect to a plan, a person who is a fiduciary of the plan by reason of the provision of investment advice by the person to the participant or beneficiary of the plan and who is—

''(I) registered as an investment adviser under the Investment Advisers Act of 1940 (15 U.S.C. 80b–1 et seq.) or under the laws of the State in which the fiduciary maintains its principal office and place of business,

''(II) a bank or similar financial institution referred to in section 408(b)(4) or a savings association (as defined in section 3(b)(1) of the Federal Deposit Insurance Act (12 U.S.C. 1813(b)(1)), but only if the advice is provided through a trust department of the bank or similar financial institution or savings association which is subject to periodic examination and review by Federal or State banking authorities,

''(III) an insurance company qualified to do business under the laws of a State,

''(IV) a person registered as a broker or dealer under the Securities Exchange Act of 1934 (15 U.S.C. 78a et seq.),

''(V) an affiliate of a person described in any of subclauses (I) through (IV), or

''(VI) an employee, agent, or registered representative of a person described in subclauses (I) through (V) who satisfies the requirements of applicable insurance, banking, and securities laws relating to the provision of the advice.

For purposes of this title, a person who develops the computer model described in subparagraph (C)(ii) or markets the investment advice program or computer model shall be treated as a person who is a fiduciary of the plan by reason of the provision of investment advice referred to in subsection (e)(3)(B) to the participant or beneficiary and shall be treated as a fiduciary adviser for purposes of this paragraph and subsection (d)(17), except that the Secretary of Labor may prescribe rules under which only 1 fiduciary adviser may elect to be treated as a fiduciary with respect to the plan.

''(ii) AFFILIATE.—The term 'affiliate' of another entity means an affiliated person of the entity (as defined in section 2(a)(3) of the Investment Company Act of 1940 (15 U.S.C. 80a–2(a)(3))).

''(iii) REGISTERED REPRESENTATIVE.—The term 'registered representative' of another entity means a person described in section 3(a)(18) of the Securities Exchange Act of 1934 (15 U.S.C. 78c(a)(18)) (substituting the entity for the broker or dealer referred to in

such section) or a person described in section 202(a)(17) of the Investment Advisers Act of 1940 (15 U.S.C. 80b–2(a)(17)) (substituting the entity for the investment adviser referred to in such section).''.

(3) DETERMINATION OF FEASIBILITY OF APPLICATION OF COMPUTER MODEL INVESTMENT ADVICE PROGRAMS FOR INDIVIDUAL RETIREMENT AND SIMILAR PLANS.—

(A) SOLICITATION OF INFORMATION.—As soon as practicable after the date of the enactment of this Act, the Secretary of Labor, in consultation with the Secretary of the Treasury, shall—

(i) solicit information as to the feasibility of the application of computer model investment advice programs for plans described in subparagraphs (B) through (F) (and so much of subparagraph (G) as relates to such subparagraphs) of section 4975(e)(1) of the Internal Revenue Code of 1986, including soliciting information from—

(I) at least the top 50 trustees of such plans, determined on the basis of assets held by such trustees, and

(II) other persons offering computer model investment advice programs based on nonproprietary products, and

(ii) shall on the basis of such information make the determination under subparagraph (B).

The information solicited by the Secretary of Labor under clause (i) from persons described in subclauses (I) and (II) of clause (i) shall include information on computer modeling capabilities of such persons with respect to the current year and preceding year, including such capabilities for investment accounts maintained by such persons.

(B) DETERMINATION OF FEASIBILITY.—The Secretary of Labor, in consultation with the Secretary of the Treasury, shall, on the basis of information received under subparagraph (A), determine whether there is any computer model investment advice program which may be utilized by a plan described in subparagraph (A)(i) to provide investment advice to the account beneficiary of the plan which—

(i) utilizes relevant information about the account beneficiary, which may include age, life expectancy, retirement age, risk tolerance, other assets or sources of income, and preferences as to certain types of investments,

(ii) takes into account the full range of investments, including equities and bonds, in determining the options for the investment portfolio of the account beneficiary, and

(iii) allows the account beneficiary, in directing the investment of assets, sufficient flexibility in obtaining advice to evaluate and select investment options.

The Secretary of Labor shall report the results of such determination to the committees of Congress referred to in subparagraph (D)(ii) not later than December 31, 2007.

(C) APPLICATION OF COMPUTER MODEL INVESTMENT ADVICE PROGRAM.—

(i) CERTIFICATION REQUIRED FOR USE OF COMPUTER MODEL.—

(I) RESTRICTION ON USE.—Subclause (II) of section 4975(f)(8)(B)(i) of the Internal Revenue Code of 1986 shall not apply to a plan described in subparagraph (A)(i).

(II) RESTRICTION LIFTED IF MODEL CERTIFIED.—If the Secretary of Labor determines under subparagraph (B) or (D) that there is a computer model investment advice program described in subparagraph (B), subclause (I) shall cease to apply as of the date of such determination.

(ii) CLASS EXEMPTION IF NO INITIAL CERTIFICATION BY SECRETARY.—If the Secretary of Labor determines under subparagraph (B) that there is no computer model investment advice program described in subparagraph (B), the Secretary of Labor shall grant a class exemption from treatment as a prohibited transaction under section 4975(c) of the Internal Revenue Code of 1986 to any transaction described in section 4975(d)(17)(A) of such Code with respect to plans described in subparagraph (A)(i), subject to such conditions as set forth in such exemption as are in the interests of the plan and its account beneficiary and protective of the rights of the account beneficiary and as are necessary to—

(I) ensure the requirements of sections 4975(d)(17) and 4975(f)(8) (other than subparagraph (C) thereof) of the Internal Revenue Code of 1986 are met, and

(II) ensure the investment advice provided under the investment advice program utilizes prescribed objective criteria to provide asset allocation portfolios comprised of securities or other property available as investments under the plan.

If the Secretary of Labor solicits any information under subparagraph (A) from a person and such person does not provide such information within 60 days after the solicitation, then, unless such failure was due to reasonable cause and not wilful neglect, such person shall not be entitled to utilize the class exemption under this clause.

(D) SUBSEQUENT DETERMINATION.—

(i) IN GENERAL.—If the Secretary of Labor initially makes a determination described in subparagraph (C)(ii), the Secretary may subsequently determine that there is a computer model investment advice program described in subparagraph (B). If the Secretary makes such subsequent determination, then the class exemption described in subparagraph (C)(ii) shall cease to apply after the later of—

(I) the date which is 2 years after such subsequent determination, or

(II) the date which is 3 years after the first date on which such exemption took effect.

(ii) REQUESTS FOR DETERMINATION.—Any person may request the Secretary of Labor to make a determination under this subparagraph with respect to any computer model investment advice program, and the Secretary of Labor shall make a determination with respect to such request within 90 days. If the Secretary of Labor makes a determination that such program is not described in subparagraph (B), the Secretary shall, within 10 days of such determination, notify the Committee on Ways and Means and the Committee on Education and the Workforce of the House of Representatives and the Committee on Finance and the Committee on Health, Education, Labor, and Pensions of the Senate of such determination and the reasons for such determination.

(E) EFFECTIVE DATE.—The provisions of this paragraph shall take effect on the date of the enactment of this Act.

(4) EFFECTIVE DATE.—Except as provided in this subsection, the amendments made by this subsection shall apply with respect to advice referred to in section 4975(c)(3)(B) of the Internal Revenue Code of 1986 provided after December 31, 2006.

(c) COORDINATION WITH EXISTING EXEMPTIONS.—Any exemption under section 408(b) of the Employee Retirement Income Security Act of 1974 and section 4975(d) of the Internal Revenue Code of 1986 provided by the amendments made by this section shall not in any manner alter existing individual or class exemptions, provided by statute or administrative action.

Subtitle B—Prohibited Transactions

SEC. 611. PROHIBITED TRANSACTION RULES RELATING TO FINANCIAL INVESTMENTS.

(a) EXEMPTION FOR BLOCK TRADING.—

(1) AMENDMENTS TO EMPLOYEE RETIREMENT INCOME SECURITY ACT OF 1974.—Section 408(b) of such Act (29 U.S.C. 1108(b)), as amended by section 601, is amended by adding at the end the following new paragraph:

''(15)(A) Any transaction involving the purchase or sale of securities, or other property (as determined by the Secretary), between a plan and a party in interest (other than a fiduciary described in section 3(21)(A)) with respect to a plan if—

''(i) the transaction involves a block trade,

''(ii) at the time of the transaction, the interest of the plan (together with the interests of any other plans maintained by the same plan sponsor), does not exceed 10 percent of the aggregate size of the block trade,

''(iii) the terms of the transaction, including the price, are at least as favorable to the plan as an arm's length transaction, and

''(iv) the compensation associated with the purchase and sale is not greater than the compensation associated with an arm's length transaction with an unrelated party.

''(B) For purposes of this paragraph, the term 'block trade' means any trade of at least 10,000 shares or with a market value of at least $200,000 which will be allocated across two or more unrelated client accounts of a fiduciary.''.

(2) AMENDMENTS TO INTERNAL REVENUE CODE OF 1986.—

(A) IN GENERAL.—Subsection (d) of section 4975 of the Internal Revenue Code of 1986 (relating to exemptions), as amended by section 601, is amended by striking ''or'' at the end of paragraph (16), by striking the period at the end of paragraph (17) and inserting '', or'', and by adding at the end the following new paragraph:

''(18) any transaction involving the purchase or sale of securities, or other property (as determined by the Secretary of Labor), between a plan and a party in interest (other than a fiduciary described in subsection (e)(3)(B)) with respect to a plan if—

''(A) the transaction involves a block trade,

''(B) at the time of the transaction, the interest of the plan (together with the interests of any other plans maintained by the same plan sponsor), does not exceed 10 percent of the aggregate size of the block trade,

''(C) the terms of the transaction, including the price, are at least as favorable to the plan as an arm's length transaction, and

''(D) the compensation associated with the purchase and sale is not greater than the compensation associated with an arm's length transaction with an unrelated party.''.

(B) SPECIAL RULE RELATING TO BLOCK TRADE.—Subsection (f) of section 4975 of such Code (relating to other definitions and special rules), as amended by section 601, is amended by adding at the end the following new paragraph:

''(9) BLOCK TRADE.—The term 'block trade' means any trade of at least 10,000 shares or with a market value of at least $200,000 which will be allocated across two or more unrelated client accounts of a fiduciary.''.

(b) BONDING RELIEF.—Section 412(a) of such Act (29 U.S.C. 1112(a)) is amended—

(1) by redesignating paragraph (2) as paragraph (3),

(2) by striking ''and'' at the end of paragraph (1), and

(3) by inserting after paragraph (1) the following new paragraph:

''(2) no bond shall be required of any entity which is registered as a broker or a dealer under section 15(b) of the Securities Exchange Act of 1934 (15 U.S.C. 78o(b)) if the broker or dealer is subject to the fidelity bond requirements of a self-regulatory organization (within the meaning of section 3(a)(26) of such Act (15 U.S.C. 78c(a)(26)).''.

(c) EXEMPTION FOR ELECTRONIC COMMUNICATION NETWORK.—

(1) AMENDMENTS TO EMPLOYEE RETIREMENT INCOME SECURITY ACT OF 1974.—Section 408(b) of such Act, as amended by subsection (a), is amended by adding at the end the following:

''(16) Any transaction involving the purchase or sale of securities, or other property (as determined by the Secretary), between a plan and a party in interest if—

''(A) the transaction is executed through an electronic communication network, alternative trading system, or similar execution system or trading venue subject to regulation and oversight by—

''(i) the applicable Federal regulating entity, or

''(ii) such foreign regulatory entity as the Secretary may determine by regulation,

''(B) either—

''(i) the transaction is effected pursuant to rules designed to match purchases and sales at the best price available through the execution system in accordance with applicable rules of the Securities and Exchange Commission or other relevant governmental authority, or

''(ii) neither the execution system nor the parties to the transaction take into account the identity of the parties in the execution of trades,

''(C) the price and compensation associated with the purchase and sale are not greater than the price and compensation associated with an arm's length transaction with an unrelated party,

''(D) if the party in interest has an ownership interest in the system or venue described in subparagraph (A), the system or venue has been authorized by the plan sponsor or other independent fiduciary for transactions described in this paragraph, and

''(E) not less than 30 days prior to the initial transaction described in this paragraph executed through any system or venue described in subparagraph (A), a plan fiduciary is provided written or electronic notice of the execution of such transaction through such system or venue.''.

(2) AMENDMENTS TO INTERNAL REVENUE CODE OF 1986.—Subsection (d) of section 4975 of the Internal Revenue Code of 1986 (relating to exemptions), as amended by subsection (a), is amended by striking ''or'' at the end of paragraph (17), by striking the period at the end of paragraph (18) and inserting '', or'', and by adding at the end the following new paragraph:

''(19) any transaction involving the purchase or sale of securities, or other property (as determined by the Secretary of Labor), between a plan and a party in interest if—

''(A) the transaction is executed through an electronic communication network, alternative trading system, or similar execution system or trading venue subject to regulation and oversight by—

''(i) the applicable Federal regulating entity, or

''(ii) such foreign regulatory entity as the Secretary of Labor may determine by regulation,

''(B) either—

''(i) the transaction is effected pursuant to rules designed to match purchases and sales at the best price available through the execution system in accordance with applicable rules of the Securities and Exchange Commission or other relevant governmental authority, or

''(ii) neither the execution system nor the parties to the transaction take into account the identity of the parties in the execution of trades,

''(C) the price and compensation associated with the purchase and sale are not greater than the price and compensation associated with an arm's length transaction with an unrelated party,

''(D) if the party in interest has an ownership interest in the system or venue described in subparagraph (A), the system or venue has been authorized by the plan sponsor or other independent fiduciary for transactions described in this paragraph, and

''(E) not less than 30 days prior to the initial transaction described in this paragraph executed through any system or venue described in subparagraph (A), a plan fiduciary is provided written or electronic notice of the execution of such transaction through such system or venue.''.

(d) EXEMPTION FOR SERVICE PROVIDERS.—

(1) AMENDMENTS TO EMPLOYEE RETIREMENT INCOME SECURITY ACT OF 1974.—Section 408(b) of such Act (29 U.S.C. 1106), as amended by subsection (c), is amended by adding at the end the following new paragraph:

''(17)(A) Transactions described in subparagraphs (A), (B), and (D) of section 406(a)(1) between a plan and a person that is a party in interest other than a fiduciary (or an affiliate) who has or exercises any discretionary authority or control with respect to the investment of the plan assets involved in the transaction or renders investment advice (within the meaning of section 3(21)(A)(ii)) with respect to those assets, solely by reason of providing services to the plan or solely by reason of a relationship to such a service provider described in subparagraph (F), (G), (H), or (I) of section 3(14), or both, but only if in connection with such transaction the plan receives no less, nor pays no more, than adequate consideration.

''(B) For purposes of this paragraph, the term 'adequate consideration' means—

''(i) in the case of a security for which there is a generally recognized market—

''(I) the price of the security prevailing on a national securities exchange which is registered under section 6 of the Securities Exchange Act of 1934, taking into account factors such as the size of the transaction and marketability of the security, or

''(II) if the security is not traded on such a national securities exchange, a price not less favorable to the plan than the offering price for the security as established by the current bid and asked prices quoted by persons independent of the issuer and of the party in interest, taking into account factors such as the size of the transaction and marketability of the security, and

''(ii) in the case of an asset other than a security for which there is a generally recognized market, the fair market value of the asset as determined in good faith by a fiduciary or fiduciaries in accordance with regulations prescribed by the Secretary.''.

(2) AMENDMENT TO INTERNAL REVENUE CODE OF 1986.—

(A) IN GENERAL.—Subsection (d) of section 4975 of the Internal Revenue Code of 1986 (relating to exemptions), as amended by subsection (c), is amended by striking ''or'' at the end of paragraph (18), by striking the period at the end of paragraph (19) and inserting '', or'', and by adding at the end the following new paragraph:

''(20) transactions described in subparagraphs (A), (B), and (D) of subsection (c)(1) between a plan and a person that is a party in interest other than a fiduciary (or an affiliate) who has or exercises any discretionary authority or control with respect to the investment of the plan assets involved in the transaction or renders investment advice (within the meaning of subsection (e)(3)(B)) with respect to those assets, solely by reason of providing services to the plan or solely by reason of a relationship to such a service provider described in subparagraph (F), (G), (H), or (I) of subsection (e)(2), or both, but only if in connection with such transaction the plan receives no less, nor pays no more, than adequate consideration.''.

(B) SPECIAL RULE RELATING TO SERVICE PROVIDERS.—Subsection (f) of section 4975 of such Code (relating to other definitions and special rules), as amended by subsection (a), is amended by adding at the end the following new paragraph:

''(10) ADEQUATE CONSIDERATION.—The term 'adequate consideration' means—

''(A) in the case of a security for which there is a generally recognized market—

''(i) the price of the security prevailing on a national securities exchange which is registered under section 6 of the Securities Exchange Act of 1934, taking into account factors such as the size of the transaction and marketability of the security, or

''(ii) if the security is not traded on such a national securities exchange, a price not less favorable to the plan than the offering price for the security as established by the current bid and asked prices quoted by persons independent of the issuer and of the party in interest, taking into account factors such as the size of the transaction and marketability of the security, and

''(B) in the case of an asset other than a security for which there is a generally recognized market, the fair market value of the asset as determined in good faith by a fiduciary or fiduciaries in accordance with regulations prescribed by the Secretary of Labor.''.

(e) RELIEF FOR FOREIGN EXCHANGE TRANSACTIONS.—

(1) AMENDMENTS TO EMPLOYEE RETIREMENT INCOME SECURITY ACT OF 1974.—Section 408(b) of such Act (29 U.S.C. 1108(b)), as amended by subsection (d), is amended by adding at the end the following new paragraph:

''(18) FOREIGN EXCHANGE TRANSACTIONS.—Any foreign exchange transactions, between a bank or broker-dealer (or any affiliate of either), and a plan (as defined in section 3(3)) with respect to which such bank or broker-dealer (or affiliate) is a trustee, custodian, fiduciary, or other party in interest, if—

''(A) the transaction is in connection with the purchase, holding, or sale of securities or other investment assets (other than a foreign exchange transaction unrelated to any other investment in securities or other investment assets),

''(B) at the time the foreign exchange transaction is entered into, the terms of the transaction are not less favorable to the plan than the terms generally available in comparable arm's length foreign exchange transactions between unrelated parties, or the terms afforded by the bank or broker-dealer (or any affiliate of either) in comparable arm's-length foreign exchange transactions involving unrelated parties,

''(C) the exchange rate used by such bank or broker-dealer (or affiliate) for a particular foreign exchange transaction does not deviate by more or less than 3 percent from the interbank bid and asked rates for transactions of comparable size and maturity at the time of the transaction as displayed on an independent service that reports rates of exchange in the foreign currency market for such currency, and

''(D) the bank or broker-dealer (or any affiliate of either) does not have investment discretion, or provide investment advice, with respect to the transaction.''.

(2) AMENDMENT TO INTERNAL REVENUE CODE OF 1986.—Subsection (d) of section 4975 of the Internal Revenue Code of 1986 (relating to exemptions), as amended by subsection (d), is amended by striking ''or'' at the end of paragraph (19), by striking the period at the end of paragraph (20) and inserting '', or'', and by adding at the end the following new paragraph:

''(21) any foreign exchange transactions, between a bank or broker-dealer (or any affiliate of either) and a plan (as defined in

this section) with respect to which such bank or broker-dealer (or affiliate) is a trustee, custodian, fiduciary, or other party in interest person, if—

''(A) the transaction is in connection with the purchase, holding, or sale of securities or other investment assets (other than a foreign exchange transaction unrelated to any other investment in securities or other investment assets),

''(B) at the time the foreign exchange transaction is entered into, the terms of the transaction are not less favorable to the plan than the terms generally available in comparable arm's length foreign exchange transactions between unrelated parties, or the terms afforded by the bank or broker-dealer (or any affiliate of either) in comparable arm's-length foreign exchange transactions involving unrelated parties,

''(C) the exchange rate used by such bank or broker-dealer (or affiliate) for a particular foreign exchange transaction does not deviate by more or less than 3 percent from the interbank bid and asked rates for transactions of comparable size and maturity at the time of the transaction as displayed on an independent service that reports rates of exchange in the foreign currency market for such currency, and

''(D) the bank or broker-dealer (or any affiliate of either) does not have investment discretion, or provide investment advice, with respect to the transaction.''.

(f) DEFINITION OF PLAN ASSET VEHICLE.—Section 3 of such Act (29 U.S.C. 1002) is amended by adding at the end the following new paragraph:

''(42) the term 'plan assets' means plan assets as defined by such regulations as the Secretary may prescribe, except that under such regulations the assets of any entity shall not be treated as plan assets if, immediately after the most recent acquisition of any equity interest in the entity, less than 25 percent of the total value of each class of equity interest in the entity is held by benefit plan investors. For purposes of determinations pursuant to this paragraph, the value of any equity interest held by a person (other than such a benefit plan investor) who has discretionary authority or control with respect to the assets of the entity or any person who provides investment advice for a fee (direct or indirect) with respect to such assets, or any affiliate of such a person, shall be disregarded for purposes of calculating the 25 percent threshold. An entity shall be considered to hold plan assets only to the extent of the percentage of the equity interest held by benefit plan investors. For purposes of this paragraph, the term 'benefit plan investor' means an employee benefit plan subject to part 4, any plan to which section 4975 of the Internal Revenue Code of 1986 applies, and any entity whose underlying assets include plan assets by reason of a plan's investment in such entity.''.

(g) EXEMPTION FOR CROSS TRADING.—

(1) AMENDMENTS TO EMPLOYEE RETIREMENT INCOME SECURITY ACT OF 1974.—Section 408(b) of such Act (29 U.S.C. 1108(b)), as amended by subsection (e), is amended by adding at the end the following new paragraph:

''(19) CROSS TRADING.—Any transaction described in sections 406(a)(1)(A) and 406(b)(2) involving the purchase and sale of a security between a plan and any other account managed by the same investment manager, if—

''(A) the transaction is a purchase or sale, for no consideration other than cash payment against prompt delivery of a security for which market quotations are readily available,

''(B) the transaction is effected at the independent current market price of the security (within the meaning of section 270.17a–7(b) of title 17, Code of Federal Regulations),

''(C) no brokerage commission, fee (except for customary transfer fees, the fact of which is disclosed pursuant to subparagraph (D)), or other remuneration is paid in connection with the transaction,

''(D) a fiduciary (other than the investment manager engaging in the cross-trades or any affiliate) for each plan participating in the transaction authorizes in advance of any cross-trades (in a document that is separate from any other written agreement of the parties) the investment manager to engage in cross trades at the investment manager's discretion, after such fiduciary has received disclosure regarding the conditions under which cross trades may take place (but only if such disclosure is separate from any other agreement or disclosure involving the asset management relationship), including the written policies and procedures of the investment manager described in subparagraph (H),

''(E) each plan participating in the transaction has assets of at least $100,000,000, except that if the assets of a plan are invested in a master trust containing the assets of plans maintained by employers in the same controlled group (as defined in section 407(d)(7)), the master trust has assets of at least $100,000,000,

''(F) the investment manager provides to the plan fiduciary who authorized cross trading under subparagraph (D) a quarterly report detailing all cross trades executed by the investment manager in which the plan participated during such quarter, including the following information, as applicable: (i) the identity of each security bought or sold; (ii) the number of shares or units traded, (iii) the parties involved in the cross-trade; and (iv) trade price and the method used to establish the trade price,

''(G) the investment manager does not base its fee schedule on the plan's consent to cross trading, and no other service (other than the investment opportunities and cost savings available through a cross trade) is conditioned on the plan's consent to cross trading,

''(H) the investment manager has adopted, and cross-trades are effected in accordance with, written cross-trading policies and procedures that are fair and equitable to all accounts participating in the cross-trading program, and that include a description of the manager's pricing policies and procedures, and the manager's policies and procedures for allocating cross trades in an objective manner among accounts participating in the cross-trading program, and

''(I) the investment manager has designated an individual responsible for periodically reviewing such purchases and sales to ensure compliance with the written policies and procedures described in subparagraph (H), and following such review, the individual shall issue an annual written report no later than 90 days following the period to which it relates signed under penalty of perjury to the plan fiduciary who authorized cross trading under subparagraph (D) describing the steps performed during the course of the review, the level of compliance, and any specific instances of non-compliance.

The written report under subparagraph (I) shall also notify the plan fiduciary of the plan's right to terminate participation in the investment manager's cross-trading program at any time.''.

(2) AMENDMENTS OF INTERNAL REVENUE CODE OF 1986.—Subsection (d) of section 4975 of the Internal Revenue Code of 1986 (relating to exemptions), as amended by subsection (e), is amended by striking ''or'' at the end of paragraph (20), by striking the period at the end of paragraph (21) and inserting '', or'', and by adding at the end the following new paragraph:

''(22) any transaction described in subsection (c)(1)(A) involving the purchase and sale of a security between a plan and any other account managed by the same investment manager, if—

''(A) the transaction is a purchase or sale, for no consideration other than cash payment against prompt delivery of a security for which market quotations are readily available,

''(B) the transaction is effected at the independent current market price of the security (within the meaning of section 270.17a–7(b) of title 17, Code of Federal Regulations),

''(C) no brokerage commission, fee (except for customary transfer fees, the fact of which is disclosed pursuant to subparagraph (D)), or other remuneration is paid in connection with the transaction,

''(D) a fiduciary (other than the investment manager engaging in the cross-trades or any affiliate) for each plan participating in the transaction authorizes in advance of any cross-trades (in a document that is separate from any other written agreement of the parties) the investment manager to engage in cross trades at the investment manager's discretion, after such fiduciary has received disclosure regarding the conditions under which cross trades may take place (but only if such disclosure is separate from any other agreement or disclosure involving the asset management relationship), including the written policies and procedures of the investment manager described in subparagraph (H),

''(E) each plan participating in the transaction has assets of at least $100,000,000, except that if the assets of a plan are invested in a master trust containing the assets of plans maintained by employers in the same controlled group (as defined in section 407(d)(7) of the Employee Retirement Income Security Act of 1974), the master trust has assets of at least $100,000,000,

''(F) the investment manager provides to the plan fiduciary who authorized cross trading under subparagraph (D) a quarterly report detailing all cross trades executed by the investment manager in which the plan participated during such quarter, including the following information, as applicable: (i) the identity of each security bought or sold; (ii) the number of shares or units traded, (iii) the parties involved in the cross-trade; and (iv) trade price and the method used to establish the trade price,

''(G) the investment manager does not base its fee schedule on the plan's consent to cross trading, and no other service (other than the investment opportunities and cost savings available through a cross trade) is conditioned on the plan's consent to cross trading,

''(H) the investment manager has adopted, and cross-trades are effected in accordance with, written cross-trading policies and procedures that are fair and equitable to all accounts participating in the cross-trading program, and that include a description of the manager's pricing policies and procedures, and the manager's policies and procedures for allocating cross trades in an objective manner among accounts participating in the cross-trading program, and

''(I) the investment manager has designated an individual responsible for periodically reviewing such purchases and sales to ensure compliance with the written policies and procedures described in subparagraph (H), and following such review, the individual shall issue an annual written report no later than 90 days following the period to which it relates signed under penalty of perjury to the plan fiduciary who authorized

cross trading under subparagraph (D) describing the steps performed during the course of the review, the level of compliance, and any specific instances of non-compliance.

The written report shall also notify the plan fiduciary of the plan's right to terminate participation in the investment manager's cross-trading program at any time.''.

(3) REGULATIONS.—No later than 180 days after the date of the enactment of this Act, the Secretary of Labor, after consultation with the Securities and Exchange Commission, shall issue regulations regarding the content of policies and procedures required to be adopted by an investment manager under section 408(b)(19) of the Employee Retirement Income Security Act of 1974.

(h) EFFECTIVE DATES.—

(1) IN GENERAL.—Except as provided in paragraph (2), the amendments made by this section shall apply to transactions occurring after the date of the enactment of this Act.

(2) BONDING RULE.—The amendments made by subsection (b) shall apply to plan years beginning after such date.

SEC. 612. CORRECTION PERIOD FOR CERTAIN TRANSACTIONS INVOLVING SECURITIES AND COMMODITIES.

(a) AMENDMENT OF EMPLOYEE RETIREMENT INCOME SECURITY ACT OF 1974.—Section 408(b) of the Employee Retirement Income Security Act of 1974 (29 U.S.C. 1108(b)), as amended by sections 601 and 611, is further amended by adding at the end the following new paragraph:

''(20)(A) Except as provided in subparagraphs (B) and (C), a transaction described in section 406(a) in connection with the acquisition, holding, or disposition of any security or commodity, if the transaction is corrected before the end of the correction period.

''(B) Subparagraph (A) does not apply to any transaction between a plan and a plan sponsor or its affiliates that involves the acquisition or sale of an employer security (as defined in section 407(d)(1)) or the acquisition, sale, or lease of employer real property (as defined in section 407(d)(2)).

''(C) In the case of any fiduciary or other party in interest (or any other person knowingly participating in such transaction), subparagraph (A) does not apply to any transaction if, at the time the transaction occurs, such fiduciary or party in interest (or other person) knew (or reasonably should have known) that the transaction would (without regard to this paragraph) constitute a violation of section 406(a).

''(D) For purposes of this paragraph, the term 'correction period' means, in connection with a fiduciary or party in interest (or other person knowingly participating in the transaction), the 14-day period beginning on the date on which such fiduciary or party in interest (or other person) discovers, or reasonably should have discovered, that the transaction would (without regard to this paragraph) constitute a violation of section 406(a).

''(E) For purposes of this paragraph—

''(i) The term 'security' has the meaning given such term by section 475(c)(2) of the Internal Revenue Code of 1986 (without regard to subparagraph (F)(iii) and the last sentence thereof).

''(ii) The term 'commodity' has the meaning given such term by section 475(e)(2) of such Code (without regard to subparagraph (D)(iii) thereof).

''(iii) The term 'correct' means, with respect to a transaction—

''(I) to undo the transaction to the extent possible and in any case to make good to the plan or affected account any losses resulting from the transaction, and

''(II) to restore to the plan or affected account any profits made through the use of assets of the plan.''.

(b) AMENDMENT OF INTERNAL REVENUE CODE OF 1986.—

(1) IN GENERAL.—Subsection (d) of section 4975 of the Internal Revenue Code of 1986 (relating to exemptions), as amended by sections 601 and 611, is amended by striking ''or'' at the end of paragraph (21), by striking the period at the end of paragraph (22) and inserting '', or'', and by adding at the end the following new paragraph:

''(23) except as provided in subsection (f)(11), a transaction described in subparagraph (A), (B), (C), or (D) of subsection (c)(1) in connection with the acquisition, holding, or disposition of any security or commodity, if the transaction is corrected before the end of the correction period.''.

(2) SPECIAL RULES RELATING TO CORRECTION PERIOD.—Subsection (f) of section 4975 of such Code (relating to other definitions and special rules), as amended by sections 601 and 611, is amended by adding at the end the following new paragraph:

''(11) CORRECTION PERIOD.—

''(A) IN GENERAL.—For purposes of subsection (d)(23), the term 'correction period' means the 14-day period beginning on the date on which the disqualified person discovers, or reasonably should have discovered, that the transaction would (without regard to this paragraph and subsection (d)(23)) constitute a prohibited transaction.

''(B) EXCEPTIONS.—

''(i) EMPLOYER SECURITIES.—Subsection (d)(23) does not apply to any transaction between a plan and a plan sponsor or its affiliates that involves the acquisition or sale of an employer security (as defined in section 407(d)(1)) or the acquisition, sale, or lease of employer real property (as defined in section 407(d)(2)).

''(ii) KNOWING PROHIBITED TRANSACTION.—In the case of any disqualified person, subsection (d)(23) does not apply to a transaction if, at the time the transaction is entered into, the disqualified person knew (or reasonably should have known) that the transaction would (without regard to this paragraph) constitute a prohibited transaction.

''(C) ABATEMENT OF TAX WHERE THERE IS A CORRECTION.—If a transaction is not treated as a prohibited transaction by reason of subsection (d)(23), then no tax under subsection (a) and (b) shall be assessed with respect to such transaction, and if assessed the assessment shall be abated, and if collected shall be credited or refunded as an overpayment.

''(D) DEFINITIONS.—For purposes of this paragraph and subsection (d)(23)—

''(i) SECURITY.—The term 'security' has the meaning given such term by section 475(c)(2) (without regard to subparagraph (F)(iii) and the last sentence thereof).

''(ii) COMMODITY.—The term 'commodity' has the meaning given such term by section 475(e)(2) (without regard to subparagraph (D)(iii) thereof).

''(iii) CORRECT.—The term 'correct' means, with respect to a transaction—

''(I) to undo the transaction to the extent possible and in any case to make good to the plan or affected account any losses resulting from the transaction, and

''(II) to restore to the plan or affected account any profits made through the use of assets of the plan.''.

(c) EFFECTIVE DATE.—The amendments made by this section shall apply to any transaction which the fiduciary or disqualified person discovers, or reasonably should have discovered, after the date of the enactment of this Act constitutes a prohibited transaction.

Subtitle C—Fiduciary and Other Rules

SEC. 621. INAPPLICABILITY OF RELIEF FROM FIDUCIARY LIABILITY DURING SUSPENSION OF ABILITY OF PARTICIPANT OR BENEFICIARY TO DIRECT INVESTMENTS.

(a) IN GENERAL.—Section 404(c) of the Employee Retirement Income Security Act of 1974 (29 U.S.C. 1104(c)) is amended—

(1) in paragraph (1)—

(A) by redesignating subparagraphs (A) and (B) as clauses (i) and (ii), respectively, and by inserting ''(A)'' after ''(c)(1)'',

(B) in subparagraph (A)(ii) (as redesignated by paragraph (1)), by inserting before the period the following: '', except that this clause shall not apply in connection with such participant or beneficiary for any blackout period during which the ability of such participant or beneficiary to direct the investment of the assets in his or her account is suspended by a plan sponsor or fiduciary'', and

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

''(B) If a person referred to in subparagraph (A)(ii) meets the requirements of this title in connection with authorizing and implementing the blackout period, any person who is otherwise a fiduciary shall not be liable under this title for any loss occurring during such period.

''(C) For purposes of this paragraph, the term 'blackout period' has the meaning given such term by section 101(i)(7).''; and

(2) by adding at the end the following:

''(4)(A) In any case in which a qualified change in investment options occurs in connection with an individual account plan, a participant or beneficiary shall not be treated for purposes of paragraph (1) as not exercising control over the assets in his account in connection with such change if the requirements of subparagraph (C) are met in connection with such change.

''(B) For purposes of subparagraph (A), the term 'qualified change in investment options' means, in connection with an individual account plan, a change in the investment options offered to the participant or beneficiary under the terms of the plan, under which—

''(i) the account of the participant or beneficiary is reallocated among one or more remaining or new investment options which are offered in lieu of one or more investment options offered immediately prior to the effective date of the change, and

''(ii) the stated characteristics of the remaining or new investment options provided under clause (i), including characteristics relating to risk and rate of return, are, as of immediately after the change, reasonably similar to those of the existing investment options as of immediately before the change.

''(C) The requirements of this subparagraph are met in connection with a qualified change in investment options if—

''(i) at least 30 days and no more than 60 days prior to the effective date of the change, the plan administrator furnishes written notice of the change to the participants and beneficiaries, including information comparing the existing and new investment options and an explanation that, in the absence of affirmative investment instructions from the participant or beneficiary to the contrary, the account of the participant or beneficiary will be invested in the manner described in subparagraph (B),

''(ii) the participant or beneficiary has not provided to the plan administrator, in advance of the effective date of the change, affirmative investment instructions contrary to the change, and

''(iii) the investments under the plan of the participant or beneficiary as in effect immediately prior to the effective date of the change were the product of the exercise by

such participant or beneficiary of control over the assets of the account within the meaning of paragraph (1).''.

(b) EFFECTIVE DATE.—

(1) IN GENERAL.—The amendments made by this section shall apply to plan years beginning after December 31, 2007.

(2) SPECIAL RULE FOR COLLECTIVELY BARGAINED AGREEMENTS.—In the case of a plan maintained pursuant to 1 or more collective bargaining agreements between employee representatives and 1 or more employers ratified on or before the date of the enactment of this Act, paragraph (1) shall be applied to benefits pursuant to, and individuals covered by, any such agreement by substituting for ''December 31, 2007'' the earlier of—

(A) the later of—

(i) December 31, 2008, or

(ii) the date on which the last of such collective bargaining agreements terminates (determined without regard to any extension thereof after such date of enactment), or

(B) December 31, 2009.

SEC. 622. INCREASE IN MAXIMUM BOND AMOUNT.

(a) IN GENERAL.—Section 412(a) of the Employee Retirement Income Security Act of 1974 (29 U.S.C. 1112), as amended by section 611(b), is amended by adding at the end the following: ''In the case of a plan that holds employer securities (within the meaning of section 407(d)(1)), this subsection shall be applied by substituting '$1,000,000' for '$500,000' each place it appears.''

(b) EFFECTIVE DATE.—The amendment made by this section shall apply to plan years beginning after December 31, 2007.

SEC. 623. INCREASE IN PENALTIES FOR COERCIVE INTERFERENCE WITH EXERCISE OF ERISA RIGHTS.

(a) IN GENERAL.—Section 511 of the Employment Retirement Income Security Act of 1974 (29 U.S.C. 1141) is amended—

(1) by striking ''$10,000'' and inserting ''$100,000'', and

(2) by striking ''one year'' and inserting ''10 years''.

(b) EFFECTIVE DATE.—The amendments made by this section shall apply to violations occurring on and after the date of the enactment of this Act.

SEC. 624. TREATMENT OF INVESTMENT OF ASSETS BY PLAN WHERE PARTICIPANT FAILS TO EXERCISE INVESTMENT ELECTION.

(a) IN GENERAL.—Section 404(c) of the Employee Retirement Income Security Act of 1974 (29 U.S.C. 1104(c)), as amended by section 622, is amended by adding at the end the following new paragraph:

''(5) DEFAULT INVESTMENT ARRANGEMENTS.—

''(A) IN GENERAL.—For purposes of paragraph (1), a participant in an individual account plan meeting the notice requirements of subparagraph (B) shall be treated as exercising control over the assets in the account with respect to the amount of contributions and earnings which, in the absence of an investment election by the participant, are invested by the plan in accordance with regulations prescribed by the Secretary. The regulations under this subparagraph shall provide guidance on the appropriateness of designating default investments that include a mix of asset classes consistent with capital preservation or long-term capital appreciation, or a blend of both.

''(B) NOTICE REQUIREMENTS.—

''(i) IN GENERAL.—The requirements of this subparagraph are met if each participant—

''(I) receives, within a reasonable period of time before each plan year, a notice explaining the employee's right under the plan to designate how contributions and earnings will be invested and explaining how, in the absence of any investment election by the participant, such contributions and earnings will be invested, and

''(II) has a reasonable period of time after receipt of such notice and before the beginning of the plan year to make such designation.

''(ii) FORM OF NOTICE.—The requirements of clauses (i) and (ii) of section 401(k)(12)(D) of the Internal Revenue Code of 1986 shall apply with respect to the notices described in this subparagraph.''.

(b) EFFECTIVE DATE.—

(1) IN GENERAL.—The amendments made by this section shall apply to plan years beginning after December 31, 2006.

(2) REGULATIONS.—Final regulations under section 404(c)(5)(A) of the Employee Retirement Income Security Act of 1974 (as added by this section) shall be issued no later than 6 months after the date of the enactment of this Act.

SEC. 625. CLARIFICATION OF FIDUCIARY RULES.

(a) IN GENERAL.—Not later than 1 year after the date of the enactment of this Act, the Secretary of Labor shall issue final regulations clarifying that the selection of an annuity contract as an optional form of distribution from an individual account plan to a participant or beneficiary—

(1) is not subject to the safest available annuity standard under Interpretive Bulletin 95–1 (29 C.F.R. 2509.95–1), and

(2) is subject to all otherwise applicable fiduciary standards.

(b) EFFECTIVE DATE.—This section shall take effect on the date of enactment of this Act.

TITLE VII—BENEFIT ACCRUAL STANDARDS

SEC. 701. BENEFIT ACCRUAL STANDARDS.

(a) AMENDMENTS TO THE EMPLOYEE RETIREMENT INCOME SECURITY ACT OF 1974.—

(1) RULES RELATING TO REDUCTION IN RATE OF BENEFIT ACCRUAL.—Section 204(b) of the Employee Retirement Income Security Act of 1974 (29 U.S.C. 1054(b)) is amended by adding at the end the following new paragraph:

''(5) SPECIAL RULES RELATING TO AGE.—

''(A) COMPARISON TO SIMILARLY SITUATED YOUNGER INDIVIDUAL.—

''(i) IN GENERAL.—A plan shall not be treated as failing to meet the requirements of paragraph (1)(H)(i) if a participant's accrued benefit, as determined as of any date under the terms of the plan, would be equal to or greater than that of any similarly situated, younger individual who is or could be a participant.

''(ii) SIMILARLY SITUATED.—For purposes of this subparagraph, a participant is similarly situated to any other individual if such participant is identical to such other individual in every respect (including period of service, compensation, position, date of hire, work history, and any other respect) except for age.

''(iii) DISREGARD OF SUBSIDIZED EARLY RETIREMENT BENEFITS.—In determining the accrued benefit as of any date for purposes of this clause, the subsidized portion of any early retirement benefit or retirement-type subsidy shall be disregarded.

''(iv) ACCRUED BENEFIT.—For purposes of this subparagraph, the accrued benefit may, under the terms of the plan, be expressed as an annuity payable at normal retirement age, the balance of a hypothetical account, or the current value of the accumulated percentage of the employee's final average compensation.

''(B) APPLICABLE DEFINED BENEFIT PLANS.—

''(i) INTEREST CREDITS.—

''(I) IN GENERAL.—An applicable defined benefit plan shall be treated as failing to meet the requirements of paragraph (1)(H) unless the terms of the plan provide that any interest credit (or an equivalent amount) for any plan year shall be at a rate which is not greater than a market rate of return. A plan shall not be treated as failing to meet the requirements of this subclause merely because the plan provides for a reasonable minimum guaranteed rate of return or for a rate of return that is equal to the greater of a fixed or variable rate of return.

''(II) PRESERVATION OF CAPITAL.—An interest credit (or an equivalent amount) of less than zero shall in no event result in the account balance or similar amount being less than the aggregate amount of contributions credited to the account.

''(III) MARKET RATE OF RETURN.—The Secretary of the Treasury may provide by regulation for rules governing the calculation of a market rate of return for purposes of subclause (I) and for permissible methods of crediting interest to the account (including fixed or variable interest rates) resulting in effective rates of return meeting the requirements of subclause (I).

''(ii) SPECIAL RULE FOR PLAN CONVERSIONS.—If, after June 29, 2005, an applicable plan amendment is adopted, the plan shall be treated as failing to meet the requirements of paragraph (1)(H) unless the requirements of clause (iii) are met with respect to each individual who was a participant in the plan immediately before the adoption of the amendment.

''(iii) RATE OF BENEFIT ACCRUAL.—Subject to clause (iv), the requirements of this clause are met with respect to any participant if the accrued benefit of the participant under the terms of the plan as in effect after the amendment is not less than the sum of—

''(I) the participant's accrued benefit for years of service before the effective date of the amendment, determined under the terms of the plan as in effect before the amendment, plus

''(II) the participant's accrued benefit for years of service after the effective date of the amendment, determined under the terms of the plan as in effect after the amendment.

''(iv) SPECIAL RULES FOR EARLY RETIREMENT SUBSIDIES.—For purposes of clause (iii)(I), the plan shall credit the accumulation account or similar amount with the amount of any early retirement benefit or retirement-type subsidy for the plan year in which the participant retires if, as of such time, the participant has met the age, years of service, and other requirements under the plan for entitlement to such benefit or subsidy.

''(v) APPLICABLE PLAN AMENDMENT.—For purposes of this subparagraph—

''(I) IN GENERAL.—The term 'applicable plan amendment' means an amendment to a defined benefit plan which has the effect of converting the plan to an applicable defined benefit plan.

''(II) SPECIAL RULE FOR COORDINATED BENEFITS.—If the benefits of 2 or more defined benefit plans established or maintained by an employer are coordinated in such a manner as to have the effect of the adoption of an amendment described in subclause (I), the sponsor of the defined benefit plan or plans providing for such coordination shall be treated as having adopted such a plan amendment as of the date such coordination begins.

''(III) MULTIPLE AMENDMENTS.—The Secretary of the Treasury shall issue regulations to prevent the avoidance of the purposes of this subparagraph through the use of 2 or more plan amendments rather than a single amendment.

''(IV) APPLICABLE DEFINED BENEFIT PLAN.—For purposes of this subparagraph, the term 'applicable defined benefit plan' has the meaning given such term by section 203(f)(3).

''(vi) TERMINATION REQUIREMENTS.—An applicable defined benefit plan shall not be treated as meeting the requirements of

clause (i) unless the plan provides that, upon the termination of the plan—

''(I) if the interest credit rate (or an equivalent amount) under the plan is a variable rate, the rate of interest used to determine accrued benefits under the plan shall be equal to the average of the rates of interest used under the plan during the 5-year period ending on the termination date, and

''(II) the interest rate and mortality table used to determine the amount of any benefit under the plan payable in the form of an annuity payable at normal retirement age shall be the rate and table specified under the plan for such purpose as of the termination date, except that if such interest rate is a variable rate, the interest rate shall be determined under the rules of subclause (I).

''(C) CERTAIN OFFSETS PERMITTED.—A plan shall not be treated as failing to meet the requirements of paragraph (1)(H)(i) solely because the plan provides offsets against benefits under the plan to the extent such offsets are allowable in applying the requirements of section 401(a) of the Internal Revenue Code of 1986.

''(D) PERMITTED DISPARITIES IN PLAN CONTRIBUTIONS OR BENEFITS.—A plan shall not be treated as failing to meet the requirements of paragraph (1)(H) solely because the plan provides a disparity in contributions or benefits with respect to which the requirements of section 401(l) of the Internal Revenue Code of 1986 are met.

''(E) INDEXING PERMITTED.—

''(i) IN GENERAL.—A plan shall not be treated as failing to meet the requirements of paragraph (1)(H) solely because the plan provides for indexing of accrued benefits under the plan.

''(ii) PROTECTION AGAINST LOSS.—Except in the case of any benefit provided in the form of a variable annuity, clause (i) shall not apply with respect to any indexing which results in an accrued benefit less than the accrued benefit determined without regard to such indexing.

''(iii) INDEXING.—For purposes of this subparagraph, the term 'indexing' means, in connection with an accrued benefit, the periodic adjustment of the accrued benefit by means of the application of a recognized investment index or methodology.

''(F) EARLY RETIREMENT BENEFIT OR RETIREMENT-TYPE SUBSIDY.—For purposes of this paragraph, the terms 'early retirement benefit' and 'retirement-type subsidy' have the meaning given such terms in subsection (g)(2)(A).

''(G) BENEFIT ACCRUED TO DATE.—For purposes of this paragraph, any reference to the accrued benefit shall be a reference to such benefit accrued to date.''.

(2) DETERMINATIONS OF ACCRUED BENEFIT AS BALANCE OF BENEFIT ACCOUNT OR EQUIVALENT AMOUNTS.—Section 203 of such Act (29 U.S.C. 1053) is amended by adding at the end the following new subsection:

''(f) SPECIAL RULES FOR PLANS COMPUTING ACCRUED BENEFITS BY REFERENCE TO HYPOTHETICAL ACCOUNT BALANCE OR EQUIVALENT AMOUNTS.—

''(1) IN GENERAL.—An applicable defined benefit plan shall not be treated as failing to meet—

''(A) subject to paragraph (2), the requirements of subsection (a)(2), or

''(B) the requirements of section 204(c) or section 205(g) with respect to contributions other than employee contributions,

solely because the present value of the accrued benefit (or any portion thereof) of any participant is, under the terms of the plan, equal to the amount expressed as the balance in the hypothetical account described in paragraph (3) or as an accumulated percentage of the participant's final average compensation.

''(2) 3-YEAR VESTING.—In the case of an applicable defined benefit plan, such plan shall be treated as meeting the requirements of subsection (a)(2) only if an employee who has completed at least 3 years of service has a nonforfeitable right to 100 percent of the employee's accrued benefit derived from employer contributions.

''(3) APPLICABLE DEFINED BENEFIT PLAN AND RELATED RULES.—For purposes of this subsection—

''(A) IN GENERAL.—The term 'applicable defined benefit plan' means a defined benefit plan under which the accrued benefit (or any portion thereof) is calculated as the balance of a hypothetical account maintained for the participant or as an accumulated percentage of the participant's final average compensation.

''(B) REGULATIONS TO INCLUDE SIMILAR PLANS.—The Secretary of the Treasury shall issue regulations which include in the definition of an applicable defined benefit plan any defined benefit plan (or any portion of such a plan) which has an effect similar to an applicable defined benefit plan.''.

(b) AMENDMENTS TO THE INTERNAL REVENUE CODE OF 1986.—

(1) RULES RELATING TO REDUCTION IN RATE OF BENEFIT ACCRUAL.—Subsection (b) of section 411 of the Internal Revenue Code of 1986 is amended by adding at the end the following new paragraph:

''(5) SPECIAL RULES RELATING TO AGE.—

''(A) COMPARISON TO SIMILARLY SITUATED YOUNGER INDIVIDUAL.—

''(i) IN GENERAL.—A plan shall not be treated as failing to meet the requirements of paragraph (1)(H)(i) if a participant's accrued benefit, as determined as of any date under the terms of the plan, would be equal to or greater than that of any similarly situated, younger individual who is or could be a participant.

''(ii) SIMILARLY SITUATED.—For purposes of this subparagraph, a participant is similarly situated to any other individual if such participant is identical to such other individual in every respect (including period of service, compensation, position, date of hire, work history, and any other respect) except for age.

''(iii) DISREGARD OF SUBSIDIZED EARLY RETIREMENT BENEFITS.—In determining the accrued benefit as of any date for purposes of this clause, the subsidized portion of any early retirement benefit or retirement-type subsidy shall be disregarded.

''(iv) ACCRUED BENEFIT.—For purposes of this subparagraph, the accrued benefit may, under the terms of the plan, be expressed as an annuity payable at normal retirement age, the balance of a hypothetical account, or the current value of the accumulated percentage of the employee's final average compensation.

''(B) APPLICABLE DEFINED BENEFIT PLANS.—

''(i) INTEREST CREDITS.—

''(I) IN GENERAL.—An applicable defined benefit plan shall be treated as failing to meet the requirements of paragraph (1)(H) unless the terms of the plan provide that any interest credit (or an equivalent amount) for any plan year shall be at a rate which is not greater than a market rate of return. A plan shall not be treated as failing to meet the requirements of this subclause merely because the plan provides for a reasonable minimum guaranteed rate of return or for a rate of return that is equal to the greater of a fixed or variable rate of return.

''(II) PRESERVATION OF CAPITAL.—An interest credit (or an equivalent amount) of less than zero shall in no event result in the account balance or similar amount being less than the aggregate amount of contributions credited to the account.

''(III) MARKET RATE OF RETURN.—The Secretary may provide by regulation for rules governing the calculation of a market rate of return for purposes of subclause (I) and for permissible methods of crediting interest to the account (including fixed or variable interest rates) resulting in effective rates of return meeting the requirements of subclause (I).

''(ii) SPECIAL RULE FOR PLAN CONVERSIONS.—If, after June 29, 2005, an applicable plan amendment is adopted, the plan shall be treated as failing to meet the requirements of paragraph (1)(H) unless the requirements of clause (iii) are met with respect to each individual who was a participant in the plan immediately before the adoption of the amendment.

''(iii) RATE OF BENEFIT ACCRUAL.—Subject to clause (iv), the requirements of this clause are met with respect to any participant if the accrued benefit of the participant under the terms of the plan as in effect after the amendment is not less than the sum of—

''(I) the participant's accrued benefit for years of service before the effective date of the amendment, determined under the terms of the plan as in effect before the amendment, plus

''(II) the participant's accrued benefit for years of service after the effective date of the amendment, determined under the terms of the plan as in effect after the amendment.

''(iv) SPECIAL RULES FOR EARLY RETIREMENT SUBSIDIES.—For purposes of clause (iii)(I), the plan shall credit the accumulation account or similar amount with the amount of any early retirement benefit or retirement-type subsidy for the plan year in which the participant retires if, as of such time, the participant has met the age, years of service, and other requirements under the plan for entitlement to such benefit or subsidy.

''(v) APPLICABLE PLAN AMENDMENT.—For purposes of this subparagraph—

''(I) IN GENERAL.—The term 'applicable plan amendment' means an amendment to a defined benefit plan which has the effect of converting the plan to an applicable defined benefit plan.

''(II) SPECIAL RULE FOR COORDINATED BENEFITS.—If the benefits of 2 or more defined benefit plans established or maintained by an employer are coordinated in such a manner as to have the effect of the adoption of an amendment described in subclause (I), the sponsor of the defined benefit plan or plans providing for such coordination shall be treated as having adopted such a plan amendment as of the date such coordination begins.

''(III) MULTIPLE AMENDMENTS.—The Secretary shall issue regulations to prevent the avoidance of the purposes of this subparagraph through the use of 2 or more plan amendments rather than a single amendment.

''(IV) APPLICABLE DEFINED BENEFIT PLAN.—For purposes of this subparagraph, the term 'applicable defined benefit plan' has the meaning given such term by section 411(a)(13).

''(vi) TERMINATION REQUIREMENTS.—An applicable defined benefit plan shall not be treated as meeting the requirements of clause (i) unless the plan provides that, upon the termination of the plan—

''(I) if the interest credit rate (or an equivalent amount) under the plan is a variable rate, the rate of interest used to determine accrued benefits under the plan shall be equal to the average of the rates of interest used under the plan during the 5-year period ending on the termination date, and

''(II) the interest rate and mortality table used to determine the amount of any benefit under the plan payable in the form of an annuity payable at normal retirement age shall

be the rate and table specified under the plan for such purpose as of the termination date, except that if such interest rate is a variable rate, the interest rate shall be determined under the rules of subclause (I).

''(C) CERTAIN OFFSETS PERMITTED.—A plan shall not be treated as failing to meet the requirements of paragraph (1)(H)(i) solely because the plan provides offsets against benefits under the plan to the extent such offsets are allowable in applying the requirements of section 401(a).

''(D) PERMITTED DISPARITIES IN PLAN CONTRIBUTIONS OR BENEFITS.—A plan shall not be treated as failing to meet the requirements of paragraph (1)(H) solely because the plan provides a disparity in contributions or benefits with respect to which the requirements of section 401(l) are met.

''(E) INDEXING PERMITTED.—

''(i) IN GENERAL.—A plan shall not be treated as failing to meet the requirements of paragraph (1)(H) solely because the plan provides for indexing of accrued benefits under the plan.

''(ii) PROTECTION AGAINST LOSS.—Except in the case of any benefit provided in the form of a variable annuity, clause (i) shall not apply with respect to any indexing which results in an accrued benefit less than the accrued benefit determined without regard to such indexing.

''(iii) INDEXING.—For purposes of this subparagraph, the term 'indexing' means, in connection with an accrued benefit, the periodic adjustment of the accrued benefit by means of the application of a recognized investment index or methodology.

''(F) EARLY RETIREMENT BENEFIT OR RETIREMENT-TYPE SUBSIDY.—For purposes of this paragraph, the terms 'early retirement benefit' and 'retirement-type subsidy' have the meaning given such terms in subsection (d)(6)(B)(i).

''(G) BENEFIT ACCRUED TO DATE.—For purposes of this paragraph, any reference to the accrued benefit shall be a reference to such benefit accrued to date.''.

(2) DETERMINATIONS OF ACCRUED BENEFIT AS BALANCE OF BENEFIT ACCOUNT OR EQUIVALENT AMOUNTS.—Subsection (a) of section 411 of such Code is amended by adding at the end the following new paragraph:

''(13) SPECIAL RULES FOR PLANS COMPUTING ACCRUED BENEFITS BY REFERENCE TO HYPOTHETICAL ACCOUNT BALANCE OR EQUIVALENT AMOUNTS.—

''(A) IN GENERAL.—An applicable defined benefit plan shall not be treated as failing to meet—

''(i) subject to paragraph (2), the requirements of subsection (a)(2), or

''(ii) the requirements of subsection (c) or section 417(e) with respect to contributions other than employee contributions,

solely because the present value of the accrued benefit (or any portion thereof) of any participant is, under the terms of the plan, equal to the amount expressed as the balance in the hypothetical account described in paragraph (3) or as an accumulated percentage of the participant's final average compensation.

''(B) 3-YEAR VESTING.—In the case of an applicable defined benefit plan, such plan shall be treated as meeting the requirements of subsection (a)(2) only if an employee who has completed at least 3 years of service has a nonforfeitable right to 100 percent of the employee's accrued benefit derived from employer contributions.

''(C) APPLICABLE DEFINED BENEFIT PLAN AND RELATED RULES.—For purposes of this subsection—

''(i) IN GENERAL.—The term 'applicable defined benefit plan' means a defined benefit plan under which the accrued benefit (or any portion thereof) is calculated as the balance of a hypothetical account maintained for the participant or as an accumulated percentage of the participant's final average compensation.

''(ii) REGULATIONS TO INCLUDE SIMILAR PLANS.—The Secretary shall issue regulations which include in the definition of an applicable defined benefit plan any defined benefit plan (or any portion of such a plan) which has an effect similar to an applicable defined benefit plan.''.

(c) AMENDMENTS TO AGE DISCRIMINATION IN EMPLOYMENT ACT.—Section 4(i) of the Age Discrimination in Employment Act of 1967 (29 U.S.C. 623(i)) is amended by adding at the end the following new paragraph:

''(10) SPECIAL RULES RELATING TO AGE.—

''(A) COMPARISON TO SIMILARLY SITUATED YOUNGER INDIVIDUAL.—

''(i) IN GENERAL.—A plan shall not be treated as failing to meet the requirements of paragraph (1) if a participant's accrued benefit, as determined as of any date under the terms of the plan, would be equal to or greater than that of any similarly situated, younger individual who is or could be a participant.

''(ii) SIMILARLY SITUATED.—For purposes of this subparagraph, a participant is similarly situated to any other individual if such participant is identical to such other individual in every respect (including period of service, compensation, position, date of hire, work history, and any other respect) except for age.

''(iii) DISREGARD OF SUBSIDIZED EARLY RETIREMENT BENEFITS.—In determining the accrued benefit as of any date for purposes of this clause, the subsidized portion of any early retirement benefit or retirement-type subsidy shall be disregarded.

''(iv) ACCRUED BENEFIT.—For purposes of this subparagraph, the accrued benefit may, under the terms of the plan, be expressed as an annuity payable at normal retirement age, the balance of a hypothetical account, or the current value of the accumulated percentage of the employee's final average compensation.

''(B) APPLICABLE DEFINED BENEFIT PLANS.—

''(i) INTEREST CREDITS.—

''(I) IN GENERAL.—An applicable defined benefit plan shall be treated as failing to meet the requirements of paragraph (1) unless the terms of the plan provide that any interest credit (or an equivalent amount) for any plan year shall be at a rate which is not greater than a market rate of return. A plan shall not be treated as failing to meet the requirements of this subclause merely because the plan provides for a reasonable minimum guaranteed rate of return or for a rate of return that is equal to the greater of a fixed or variable rate of return.

''(II) PRESERVATION OF CAPITAL.—An interest credit (or an equivalent amount) of less than zero shall in no event result in the account balance or similar amount being less than the aggregate amount of contributions credited to the account.

''(III) MARKET RATE OF RETURN.—The Secretary of the Treasury may provide by regulation for rules governing the calculation of a market rate of return for purposes of subclause (I) and for permissible methods of crediting interest to the account (including fixed or variable interest rates) resulting in effective rates of return meeting the requirements of subclause (I).

''(ii) SPECIAL RULE FOR PLAN CONVERSIONS.—If, after June 29, 2005, an applicable plan amendment is adopted, the plan shall be treated as failing to meet the requirements of paragraph (1)(H) unless the requirements of clause (iii) are met with respect to each individual who was a participant in the plan immediately before the adoption of the amendment.

''(iii) RATE OF BENEFIT ACCRUAL.—Subject to clause (iv), the requirements of this clause are met with respect to any participant if the accrued benefit of the participant under the terms of the plan as in effect after the amendment is not less than the sum of—

''(I) the participant's accrued benefit for years of service before the effective date of the amendment, determined under the terms of the plan as in effect before the amendment, plus

''(II) the participant's accrued benefit for years of service after the effective date of the amendment, determined under the terms of the plan as in effect after the amendment.

''(iv) SPECIAL RULES FOR EARLY RETIREMENT SUBSIDIES.—For purposes of clause (iii)(I), the plan shall credit the accumulation account or similar amount with the amount of any early retirement benefit or retirement-type subsidy for the plan year in which the participant retires if, as of such time, the participant has met the age, years of service, and other requirements under the plan for entitlement to such benefit or subsidy.

''(v) APPLICABLE PLAN AMENDMENT.—For purposes of this subparagraph—

''(I) IN GENERAL.—The term 'applicable plan amendment' means an amendment to a defined benefit plan which has the effect of converting the plan to an applicable defined benefit plan.

''(II) SPECIAL RULE FOR COORDINATED BENEFITS.—If the benefits of 2 or more defined benefit plans established or maintained by an employer are coordinated in such a manner as to have the effect of the adoption of an amendment described in subclause (I), the sponsor of the defined benefit plan or plans providing for such coordination shall be treated as having adopted such a plan amendment as of the date such coordination begins.

''(III) MULTIPLE AMENDMENTS.—The Secretary of the Treasury shall issue regulations to prevent the avoidance of the purposes of this subparagraph through the use of 2 or more plan amendments rather than a single amendment.

''(IV) APPLICABLE DEFINED BENEFIT PLAN.—For purposes of this subparagraph, the term 'applicable defined benefit plan' has the meaning given such term by section 203(f)(3) of the Employee Retirement Income Security Act of 1974.

''(vi) TERMINATION REQUIREMENTS.—An applicable defined benefit plan shall not be treated as meeting the requirements of clause (i) unless the plan provides that, upon the termination of the plan—

''(I) if the interest credit rate (or an equivalent amount) under the plan is a variable rate, the rate of interest used to determine accrued benefits under the plan shall be equal to the average of the rates of interest used under the plan during the 5-year period ending on the termination date, and

''(II) the interest rate and mortality table used to determine the amount of any benefit under the plan payable in the form of an annuity payable at normal retirement age shall be the rate and table specified under the plan for such purpose as of the termination date, except that if such interest rate is a variable rate, the interest rate shall be determined under the rules of subclause (I).

''(C) CERTAIN OFFSETS PERMITTED.—A plan shall not be treated as failing to meet the requirements of paragraph (1) solely because the plan provides offsets against benefits under the plan to the extent such offsets are allowable in applying the requirements of section 401(a) of the Internal Revenue Code of 1986.

''(D) PERMITTED DISPARITIES IN PLAN CONTRIBUTIONS OR BENEFITS.—A plan shall not be treated as failing to meet the requirements

of paragraph (1) solely because the plan provides a disparity in contributions or benefits with respect to which the requirements of section 401(l) of the Internal Revenue Code of 1986 are met.

''(E) INDEXING PERMITTED.—

''(i) IN GENERAL.—A plan shall not be treated as failing to meet the requirements of paragraph (1) solely because the plan provides for indexing of accrued benefits under the plan.

''(ii) PROTECTION AGAINST LOSS.—Except in the case of any benefit provided in the form of a variable annuity, clause (i) shall not apply with respect to any indexing which results in an accrued benefit less than the accrued benefit determined without regard to such indexing.

''(iii) INDEXING.—For purposes of this subparagraph, the term 'indexing' means, in connection with an accrued benefit, the periodic adjustment of the accrued benefit by means of the application of a recognized investment index or methodology.

''(F) EARLY RETIREMENT BENEFIT OR RETIREMENT-TYPE SUBSIDY.—For purposes of this paragraph, the terms 'early retirement benefit' and 'retirement-type subsidy' have the meaning given such terms in section 203(g)(2)(A) of the Employee Retirement Income Security Act of 1974.

''(G) BENEFIT ACCRUED TO DATE.—For purposes of this paragraph, any reference to the accrued benefit shall be a reference to such benefit accrued to date.''.

(d) NO INFERENCE.—Nothing in the amendments made by this section shall be construed to create an inference with respect to—

(1) the treatment of applicable defined benefit plans or conversions to applicable defined benefit plans under sections 204(b)(1)(H) of the Employee Retirement Income Security Act of 1974, 4(i)(1) of the Age Discrimination in Employment Act of 1967, and 411(b)(1)(H) of the Internal Revenue Code of 1986, as in effect before such amendments, or

(2) the determination of whether an applicable defined benefit plan fails to meet the requirements of sections 203(a)(2), 204(c), or 204(g) of the Employee Retirement Income Security Act of 1974 or sections 411(a)(2), 411(c), or 417(e) of such Code, as in effect before such amendments, solely because the present value of the accrued benefit (or any portion thereof) of any participant is, under the terms of the plan, equal to the amount expressed as the balance in a hypothetical account or as an accumulated percentage of the participant's final average compensation.

For purposes of this subsection, the term ''applicable defined benefit plan'' has the meaning given such term by section 203(f)(3) of the Employee Retirement Income Security Act of 1974 and section 411(a)(13)(C) of such Code, as in effect after such amendments.

(e) EFFECTIVE DATE.—

(1) IN GENERAL.—The amendments made by this section shall apply to periods beginning on or after June 29, 2005.

(2) PRESENT VALUE OF ACCRUED BENEFIT.—The amendments made by subsections (a)(2) and (b)(2) shall apply to distributions made after the date of the enactment of this Act.

(3) VESTING AND INTEREST CREDIT REQUIREMENTS.—In the case of a plan in existence on June 29, 2005, the requirements of clause (i) of section 411(b)(5)(B) of the Internal Revenue Code of 1986, clause (i) of section 204(b)(5)(B) of the Employee Retirement Income Security Act of 1974, and clause (i) of section 4(i)(10)(B) of the Age Discrimination in Employment Act of 1967 (as added by this Act) and the requirements of 203(f)(2) of the Employee Retirement Income Security Act of 1974 and section 411(a)(13)(B) of the Internal Revenue Code of 1986 (as so added) shall, for purposes of applying the amendments made by subsections (a) and (b), apply to years beginning after December 31, 2007, unless the plan sponsor elects the application of such requirements for any period after June 29, 2005, and before the first year beginning after December 31, 2007.

(4) SPECIAL RULE FOR COLLECTIVELY BARGAINED PLANS.—In the case of a plan maintained pursuant to 1 or more collective bargaining agreements between employee representatives and 1 or more employers ratified on or before the date of the enactment of this Act, the requirements described in paragraph (3) shall, for purposes of applying the amendments made by subsections (a) and (b), not apply to plan years beginning before—

(A) the earlier of—

(i) the date on which the last of such collective bargaining agreements terminates (determined without regard to any extension thereof on or after such date of enactment), or

(ii) January 1, 2008, or

(B) January 1, 2010.

(5) CONVERSIONS.—The requirements of clause (ii) of section 411(b)(5)(B) of the Internal Revenue Code of 1986, clause (ii) of section 204(b)(5)(B) of the Employee Retirement Income Security Act of 1974, and clause (ii) of section 4(i)(10)(B) of the Age Discrimination in Employment Act of 1967 (as added by this Act), shall apply to plan amendments adopted after, and taking effect after, June 29, 2005, except that the plan sponsor may elect to have such amendments apply to plan amendments adopted before, and taking effect after, such date.

SEC. 702. REGULATIONS RELATING TO MERGERS AND ACQUISITIONS.

The Secretary of the Treasury or his delegate shall, not later than 12 months after the date of the enactment of this Act, prescribe regulations for the application of the amendments made by, and the provisions of, this title in cases where the conversion of a plan to an applicable defined benefit plan is made with respect to a group of employees who become employees by reason of a merger, acquisition, or similar transaction.

TITLE VIII—PENSION RELATED REVENUE PROVISIONS

Subtitle A—Deduction Limitations

SEC. 801. INCREASE IN DEDUCTION LIMIT FOR SINGLE-EMPLOYER PLANS.

(a) IN GENERAL.—Section 404 of the Internal Revenue Code of 1986 (relating to deduction for contributions of an employer to an employees' trust or annuity plan and compensation under a deferred payment plan) is amended—

(1) in subsection (a)(1)(A), by inserting ''in the case of a defined benefit plan other than a multiemployer plan, in an amount determined under subsection (o), and in the case of any other plan'' after ''section 501(a),'', and

(2) by inserting at the end the following new subsection:

''(o) DEDUCTION LIMIT FOR SINGLE-EMPLOYER PLANS.—For purposes of subsection (a)(1)(A)—

''(1) IN GENERAL.—In the case of a defined benefit plan to which subsection (a)(1)(A) applies (other than a multiemployer plan), the amount determined under this subsection for any taxable year shall be equal to the greater of—

''(A) the sum of the amounts determined under paragraph (2) with respect to each plan year ending with or within the taxable year, or

''(B) the sum of the minimum required contributions under section 430 for such plan years.

''(2) DETERMINATION OF AMOUNT.—

''(A) IN GENERAL.—The amount determined under this paragraph for any plan year shall be equal to the excess (if any) of—

''(i) the sum of—

''(I) the funding target for the plan year,

''(II) the target normal cost for the plan year, and

''(III) the cushion amount for the plan year, over

''(ii) the value (determined under section 430(g)(2)) of the assets of the plan which are held by the plan as of the valuation date for the plan year.

''(B) SPECIAL RULE FOR CERTAIN EMPLOYERS.—If section 430(i) does not apply to a plan for a plan year, the amount determined under subparagraph (A)(i) for the plan year shall in no event be less than the sum of—

''(i) the funding target for the plan year (determined as if section 430(i) applied to the plan), plus

''(ii) the target normal cost for the plan year (as so determined).

''(3) CUSHION AMOUNT.—For purposes of paragraph (2)(A)(i)(III)—

''(A) IN GENERAL.—The cushion amount for any plan year is the sum of—

''(i) 50 percent of the funding target for the plan year, and

''(ii) the amount by which the funding target for the plan year would increase if the plan were to take into account—

''(I) increases in compensation which are expected to occur in succeeding plan years, or

''(II) if the plan does not base benefits for service to date on compensation, increases in benefits which are expected to occur in succeeding plan years (determined on the basis of the average annual increase in benefits over the 6 immediately preceding plan years).

''(B) LIMITATIONS.—

''(i) IN GENERAL.—In making the computation under subparagraph (A)(ii), the plan's actuary shall assume that the limitations under subsection (l) and section 415(b) shall apply.

''(ii) EXPECTED INCREASES.—In the case of a plan year during which a plan is covered under section 4021 of the Employee Retirement Income Security Act of 1974, the plan's actuary may, notwithstanding subsection (l), take into account increases in the limitations which are expected to occur in succeeding plan years.

''(4) SPECIAL RULES FOR PLANS WITH 100 OR FEWER PARTICIPANTS.—

''(A) IN GENERAL.—For purposes of determining the amount under paragraph (3) for any plan year, in the case of a plan which has 100 or fewer participants for the plan year, the liability of the plan attributable to benefit increases for highly compensated employees (as defined in section 414(q)) resulting from a plan amendment which is made or becomes effective, whichever is later, within the last 2 years shall not be taken into account in determining the target liability.

''(B) RULE FOR DETERMINING NUMBER OF PARTICIPANTS.—For purposes of determining the number of plan participants, all defined benefit plans maintained by the same employer (or any member of such employer's controlled group (within the meaning of section 412(f)(4))) shall be treated as one plan, but only participants of such member or employer shall be taken into account.

''(5) SPECIAL RULE FOR TERMINATING PLANS.—In the case of a plan which, subject to section 4041 of the Employee Retirement Income Security Act of 1974, terminates during the plan year, the amount determined under paragraph (2) shall in no event be less than the amount required to make the plan sufficient for benefit liabilities (within the meaning of section 4041(d) of such Act).

''(6) ACTUARIAL ASSUMPTIONS.—Any computation under this subsection for any plan year shall use the same actuarial assumptions which are used for the plan year under section 430.

''(7) DEFINITIONS.—Any term used in this subsection which is also used in section 430 shall have the same meaning given such term by section 430.''.

(b) EXCEPTION FROM LIMITATION ON DEDUCTION WHERE COMBINATION OF DEFINED CONTRIBUTION AND DEFINED BENEFIT PLANS.—Section 404(a)(7)(C) of such Code, as amended by this Act, is amended by adding at the end the following new clause:

''(iv) GUARANTEED PLANS.—In applying this paragraph, any single-employer plan covered under section 4021 of the Employee Retirement Income Security Act of 1974 shall not be taken into account.''.

(c) TECHNICAL AND CONFORMING AMENDMENTS.—

(1) The last sentence of section 404(a)(1)(A) of such Code is amended by striking ''section 412'' each place it appears and inserting ''section 431''.

(2) Section 404(a)(1)(B) of such Code is amended—

(A) by striking ''In the case of a plan'' and inserting ''In the case of a multiemployer plan'',

(B) by striking ''section 412(c)(7)'' each place it appears and inserting ''section 431(c)(6)'',

(C) by striking ''section 412(c)(7)(B)'' and inserting ''section 431(c)(6)(A)(ii)'',

(D) by striking ''section 412(c)(7)(A)'' and inserting ''section 431(c)(6)(A)(i)'', and

(E) by striking ''section 412'' and inserting ''section 431''.

(3) Section 404(a)(7) of such Code, as amended by this Act, is amended—

(A) by adding at the end of subparagraph (A) the following new sentence: ''In the case of a defined benefit plan which is a single employer plan, the amount necessary to satisfy the minimum funding standard provided by section 412 shall not be less than the plan's funding shortfall determined under section 430.'', and

(B) by striking subparagraph (D) and inserting:

''(D) INSURANCE CONTRACT PLANS.—For purposes of this paragraph, a plan described in section 412(e)(3) shall be treated as a defined benefit plan.''.

(4) Section 404A(g)(3)(A) of such Code is amended by striking ''paragraphs (3) and (7) of section 412(c)'' and inserting ''paragraphs (3) and (6) of section 431(c)''.

(d) SPECIAL RULE FOR 2006 AND 2007.—

(1) IN GENERAL.—Clause (i) of section 404(a)(1)(D) of the Internal Revenue Code of 1986 (relating to special rule in case of certain plans) is amended by striking ''section 412(l)'' and inserting ''section 412(l)(8)(A), except that section 412(l)(8)(A) shall be applied for purposes of this clause by substituting '150 percent (140 percent in the case of a multiemployer plan) of current liability' for 'the current liability' in clause (i).''

(2) CONFORMING AMENDMENT.—Section 404(a)(1) of the Internal Revenue Code of 1986 is amended by striking subparagraph (F).

(e) EFFECTIVE DATES.—

(1) IN GENERAL.—Except as provided in paragraph (2), the amendments made by this section shall apply to years beginning after December 31, 2007.

(2) SPECIAL RULES.—The amendments made by subsection (d) shall apply to years beginning after December 31, 2005.

SEC. 802. DEDUCTION LIMITS FOR MULTIEMPLOYER PLANS.

(a) INCREASE IN DEDUCTION.—Section 404(a)(1)(D) of the Internal Revenue Code of 1986, as amended by this Act, is amended to read as follows:

''(D) AMOUNT DETERMINED ON BASIS OF UNFUNDED CURRENT LIABILITY.—In the case of a defined benefit plan which is a multiemployer plan, except as provided in regulations, the maximum amount deductible under the limitations of this paragraph shall not be less than the excess (if any) of—

''(i) 140 percent of the current liability of the plan determined under section 431(c)(6)(C), over

''(ii) the value of the plan's assets determined under section 431(c)(2).''.

(b) EFFECTIVE DATE.—The amendment made by subsection (a) shall apply to years beginning after December 31, 2007.

SEC. 803. UPDATING DEDUCTION RULES FOR COMBINATION OF PLANS.

(a) IN GENERAL.—Subparagraph (C) of section 404(a)(7) of the Internal Revenue Code of 1986 (relating to limitation on deductions where combination of defined contribution plan and defined benefit plan) is amended by adding after clause (ii) the following new clause:

''(iii) LIMITATION.—In the case of employer contributions to 1 or more defined contribution plans, this paragraph shall only apply to the extent that such contributions exceed 6 percent of the compensation otherwise paid or accrued during the taxable year to the beneficiaries under such plans. For purposes of this clause, amounts carried over from preceding taxable years under subparagraph (B) shall be treated as employer contributions to 1 or more defined contributions to the extent attributable to employer contributions to such plans in such preceding taxable years.''.

(b) EXCEPTION FROM LIMITATION ON DEDUCTION WHERE COMBINATION OF DEFINED CONTRIBUTION AND DEFINED BENEFIT PLANS.—Section 404(a)(7)(C) of such Code, as amended by this Act, is amended by adding at the end the following new clause:

''(v) MULTIEMPLOYER PLANS.—In applying this paragraph, any multiemployer plan shall not be taken into account.''.

(c) CONFORMING AMENDMENT.—Subparagraph (A) of section 4972(c)(6) of such Code (relating to nondeductible contributions) is amended to read as follows:

''(A) so much of the contributions to 1 or more defined contribution plans which are not deductible when contributed solely because of section 404(a)(7) as does not exceed the amount of contributions described in section 401(m)(4)(A), or''.

(d) EFFECTIVE DATE.—The amendments made by this section shall apply to contributions for taxable years beginning after December 31, 2005.

Subtitle B—Certain Pension Provisions Made Permanent

SEC. 811. PENSIONS AND INDIVIDUAL RETIREMENT ARRANGEMENT PROVISIONS OF ECONOMIC GROWTH AND TAX RELIEF RECONCILIATION ACT OF 2001 MADE PERMANENT.

Title IX of the Economic Growth and Tax Relief Reconciliation Act of 2001 shall not apply to the provisions of, and amendments made by, subtitles A through F of title VI of such Act (relating to pension and individual retirement arrangement provisions).

SEC. 812. SAVER'S CREDIT.

Section 25B of the Internal Revenue Code of 1986 (relating to elective deferrals and IRA contributions by certain individuals) is amended by striking subsection (h).

Subtitle C—Improvements in Portability, Distribution, and Contribution Rules

SEC. 821. CLARIFICATIONS REGARDING PURCHASE OF PERMISSIVE SERVICE CREDIT.

(a) IN GENERAL.—Section 415(n) of the Internal Revenue Code of 1986 (relating to special rules for the purchase of permissive service credit) is amended—

(1) by striking ''an employee'' in paragraph (1) and inserting ''a participant'', and

(2) by adding at the end of paragraph (3)(A) the following new flush sentence:

''Such term may include service credit for periods for which there is no performance of service, and, notwithstanding clause (ii), may include service credited in order to provide an increased benefit for service credit which a participant is receiving under the plan.''.

(b) SPECIAL RULES FOR TRUSTEE-TO-TRUSTEE TRANSFERS.—Section 415(n)(3) of such Code is amended by adding at the end the following new subparagraph:

''(D) SPECIAL RULES FOR TRUSTEE-TO-TRUSTEE TRANSFERS.—In the case of a trustee-to-trustee transfer to which section 403(b)(13)(A) or 457(e)(17)(A) applies (without regard to whether the transfer is made between plans maintained by the same employer)—

''(i) the limitations of subparagraph (B) shall not apply in determining whether the transfer is for the purchase of permissive service credit, and

''(ii) the distribution rules applicable under this title to the defined benefit governmental plan to which any amounts are so transferred shall apply to such amounts and any benefits attributable to such amounts.''.

(c) NONQUALIFIED SERVICE.—Section 415(n)(3) of such Code is amended—

(1) by striking ''permissive service credit attributable to nonqualified service'' each place it appears in subparagraph (B) and inserting ''nonqualified service credit'',

(2) by striking so much of subparagraph (C) as precedes clause (i) and inserting:

''(C) NONQUALIFIED SERVICE CREDIT.—For purposes of subparagraph (B), the term 'nonqualified service credit' means permissive service credit other than that allowed with respect to—'', and

(3) by striking ''elementary or secondary education (through grade 12), as determined under State law'' in subparagraph (C)(ii) and inserting ''elementary or secondary education (through grade 12), or a comparable level of education, as determined under the applicable law of the jurisdiction in which the service was performed''.

(d) EFFECTIVE DATES.—

(1) IN GENERAL.—The amendments made by subsections (a) and (c) shall take effect as if included in the amendments made by section 1526 of the Taxpayer Relief Act of 1997.

(2) SUBSECTION (b).—The amendments made by subsection (b) shall take effect as if included in the amendments made by section 647 of the Economic Growth and Tax Relief Reconciliation Act of 2001.

SEC. 822. ALLOW ROLLOVER OF AFTER-TAX AMOUNTS IN ANNUITY CONTRACTS.

(a) IN GENERAL.—Subparagraph (A) of section 402(c)(2) (relating to the maximum amount which may be rolled over) is amended—

(1) by striking ''which is part of a plan which is a defined contribution plan and which agrees to separately account'' and inserting ''or to an annuity contract described in section 403(b) and such trust or contract provides for separate accounting''; and

(2) by inserting ''(and earnings thereon)'' after ''so transferred''.

(b) EFFECTIVE DATE.—The amendment made by subsection (a) shall apply to taxable years beginning after December 31, 2006.

SEC. 823. CLARIFICATION OF MINIMUM DISTRIBUTION RULES FOR GOVERNMENTAL PLANS.

The Secretary of the Treasury shall issue regulations under which a governmental plan (as defined in section 414(d) of the Internal Revenue Code of 1986) shall, for all years to which section 401(a)(9) of such Code applies to such plan, be treated as having complied with such section 401(a)(9) if such plan

complies with a reasonable good faith interpretation of such section 401(a)(9).

SEC. 824. ALLOW DIRECT ROLLOVERS FROM RETIREMENT PLANS TO ROTH IRAS.

(a) IN GENERAL.—Subsection (e) of section 408A of the Internal Revenue Code of 1986 (defining qualified rollover contribution) is amended to read as follows:

''(e) QUALIFIED ROLLOVER CONTRIBUTION.—For purposes of this section, the term 'qualified rollover contribution' means a rollover contribution—

''(1) to a Roth IRA from another such account,

''(2) from an eligible retirement plan, but only if—

''(A) in the case of an individual retirement plan, such rollover contribution meets the requirements of section 408(d)(3), and

''(B) in the case of any eligible retirement plan (as defined in section 402(c)(8)(B) other than clauses (i) and (ii) thereof), such rollover contribution meets the requirements of section 402(c), 403(b)(8), or 457(e)(16), as applicable.

For purposes of section 408(d)(3)(B), there shall be disregarded any qualified rollover contribution from an individual retirement plan (other than a Roth IRA) to a Roth IRA.''.

(b) CONFORMING AMENDMENTS.—

(1) Section 408A(c)(3)(B) of such Code, as in effect before the Tax Increase Prevention and Reconciliation Act of 2005, is amended—

(A) in the text by striking ''individual retirement plan'' and inserting ''an eligible retirement plan (as defined by section 402(c)(8)(B))'', and

(B) in the heading by striking ''IRA'' the first place it appears and inserting ''ELIGIBLE RETIREMENT PLAN''.

(2) Section 408A(d)(3) of such Code is amended—

(A) in subparagraph (A), by striking ''section 408(d)(3)'' inserting ''sections 402(c), 403(b)(8), 408(d)(3), and 457(e)(16)'',

(B) in subparagraph (B), by striking ''individual retirement plan'' and inserting ''eligible retirement plan (as defined by section 402(c)(8)(B))'',

(C) in subparagraph (D), by inserting ''or 6047'' after ''408(i)'',

(D) in subparagraph (D), by striking ''or both'' and inserting ''persons subject to section 6047(d)(1), or all of the foregoing persons'', and

(E) in the heading, by striking ''IRA'' the first place it appears and inserting ''ELIGIBLE RETIREMENT PLAN''.

(c) EFFECTIVE DATE.—The amendments made by this section shall apply to distributions after December 31, 2007.

SEC. 825. ELIGIBILITY FOR PARTICIPATION IN RETIREMENT PLANS.

An individual shall not be precluded from participating in an eligible deferred compensation plan by reason of having received a distribution under section 457(e)(9) of the Internal Revenue Code of 1986, as in effect prior to the enactment of the Small Business Job Protection Act of 1996.

SEC. 826. MODIFICATIONS OF RULES GOVERNING HARDSHIPS AND UNFORSEEN FINANCIAL EMERGENCIES.

Within 180 days after the date of the enactment of this Act, the Secretary of the Treasury shall modify the rules for determining whether a participant has had a hardship for purposes of section 401(k)(2)(B)(i)(IV) of the Internal Revenue Code of 1986 to provide that if an event (including the occurrence of a medical expense) would constitute a hardship under the plan if it occurred with respect to the participant's spouse or dependent (as defined in section 152 of such Code), such event shall, to the extent permitted under a plan, constitute a hardship if it occurs with respect to a person who is a beneficiary under the plan with respect to the participant. The Secretary of the Treasury shall issue similar rules for purposes of determining whether a participant has had—

(1) a hardship for purposes of section 403(b)(11)(B) of such Code; or

(2) an unforeseen financial emergency for purposes of sections 409A(a)(2)(A)(vi), 409A(a)(2)(B)(ii), and 457(d)(1)(A)(iii) of such Code.

SEC. 827. PENALTY-FREE WITHDRAWALS FROM RETIREMENT PLANS FOR INDIVIDUALS CALLED TO ACTIVE DUTY FOR AT LEAST 179 DAYS.

(a) IN GENERAL.—Paragraph (2) of section 72(t) of the Internal Revenue Code of 1986 (relating to 10-percent additional tax on early distributions from qualified retirement plans) is amended by adding at the end the following new subparagraph:

''(G) DISTRIBUTIONS FROM RETIREMENT PLANS TO INDIVIDUALS CALLED TO ACTIVE DUTY.—

''(i) IN GENERAL.—Any qualified reservist distribution.

''(ii) AMOUNT DISTRIBUTED MAY BE REPAID.—Any individual who receives a qualified reservist distribution may, at any time during the 2-year period beginning on the day after the end of the active duty period, make one or more contributions to an individual retirement plan of such individual in an aggregate amount not to exceed the amount of such distribution. The dollar limitations otherwise applicable to contributions to individual retirement plans shall not apply to any contribution made pursuant to the preceding sentence. No deduction shall be allowed for any contribution pursuant to this clause.

''(iii) QUALIFIED RESERVIST DISTRIBUTION.—For purposes of this subparagraph, the term 'qualified reservist distribution' means any distribution to an individual if—

''(I) such distribution is from an individual retirement plan, or from amounts attributable to employer contributions made pursuant to elective deferrals described in subparagraph (A) or (C) of section 402(g)(3) or section 501(c)(18)(D)(iii),

''(II) such individual was (by reason of being a member of a reserve component (as defined in section 101 of title 37, United States Code)) ordered or called to active duty for a period in excess of 179 days or for an indefinite period, and

''(III) such distribution is made during the period beginning on the date of such order or call and ending at the close of the active duty period.

''(iv) APPLICATION OF SUBPARAGRAPH.—This subparagraph applies to individuals ordered or called to active duty after September 11, 2001, and before December 31, 2007. In no event shall the 2-year period referred to in clause (ii) end before the date which is 2 years after the date of the enactment of this subparagraph.''.

(b) CONFORMING AMENDMENTS.—

(1) Section 401(k)(2)(B)(i) of such Code is amended by striking ''or'' at the end of subclause (III), by striking ''and'' at the end of subclause (IV) and inserting ''or'', and by inserting after subclause (IV) the following new subclause:

''(V) in the case of a qualified reservist distribution (as defined in section 72(t)(2)(G)(iii)), the date on which a period referred to in subclause (III) of such section begins, and''.

(2) Section 403(b)(7)(A)(ii) of such Code is amended by inserting ''(unless such amount is a distribution to which section 72(t)(2)(G) applies)'' after ''distributee''.

(3) Section 403(b)(11) of such Code is amended by striking ''or'' at the end of subparagraph (A), by striking the period at the end of subparagraph (B) and inserting '', or'', and by inserting after subparagraph (B) the following new subparagraph:

''(C) for distributions to which section 72(t)(2)(G) applies.''.

(c) EFFECTIVE DATE; WAIVER OF LIMITATIONS.—

(1) EFFECTIVE DATE.—The amendment made by this section shall apply to distributions after September 11, 2001.

(2) WAIVER OF LIMITATIONS.—If refund or credit of any overpayment of tax resulting from the amendments made by this section is prevented at any time before the close of the 1-year period beginning on the date of the enactment of this Act by the operation of any law or rule of law (including res judicata), such refund or credit may nevertheless be made or allowed if claim therefor is filed before the close of such period.

SEC. 828. WAIVER OF 10 PERCENT EARLY WITHDRAWAL PENALTY TAX ON CERTAIN DISTRIBUTIONS OF PENSION PLANS FOR PUBLIC SAFETY EMPLOYEES.

(a) IN GENERAL.—Section 72(t) of the Internal Revenue Code of 1986 (relating to subsection not to apply to certain distributions) is amended by adding at the end the following new paragraph:

''(10) DISTRIBUTIONS TO QUALIFIED PUBLIC SAFETY EMPLOYEES IN GOVERNMENTAL PLANS.—

''(A) IN GENERAL.—In the case of a distribution to a qualified public safety employee from a governmental plan (within the meaning of section 414(d)) which is a defined benefit plan, paragraph (2)(A)(v) shall be applied by substituting 'age 50' for 'age 55'.

''(B) QUALIFIED PUBLIC SAFETY EMPLOYEE.—For purposes of this paragraph, the term 'qualified public safety employee' means any employee of a State or political subdivision of a State who provides police protection, firefighting services, or emergency medical services for any area within the jurisdiction of such State or political subdivision.''

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

SEC. 829. ALLOW ROLLOVERS BY NONSPOUSE BENEFICIARIES OF CERTAIN RETIREMENT PLAN DISTRIBUTIONS.

(a) IN GENERAL.—

(1) QUALIFIED PLANS.—Section 402(c) of the Internal Revenue Code of 1986 (relating to rollovers from exempt trusts) is amended by adding at the end the following new paragraph:

''(11) DISTRIBUTIONS TO INHERITED INDIVIDUAL RETIREMENT PLAN OF NONSPOUSE BENEFICIARY.—

''(A) IN GENERAL.—If, with respect to any portion of a distribution from an eligible retirement plan of a deceased employee, a direct trustee-to-trustee transfer is made to an individual retirement plan described in clause (i) or (ii) of paragraph (8)(B) established for the purposes of receiving the distribution on behalf of an individual who is a designated beneficiary (as defined by section 401(a)(9)(E)) of the employee and who is not the surviving spouse of the employee—

''(i) the transfer shall be treated as an eligible rollover distribution for purposes of this subsection,

''(ii) the individual retirement plan shall be treated as an inherited individual retirement account or individual retirement annuity (within the meaning of section 408(d)(3)(C)) for purposes of this title, and

''(iii) section 401(a)(9)(B) (other than clause (iv) thereof) shall apply to such plan.

''(B) CERTAIN TRUSTS TREATED AS BENEFICIARIES.—For purposes of this paragraph, to the extent provided in rules prescribed by the Secretary, a trust maintained for the

benefit of one or more designated beneficiaries shall be treated in the same manner as a trust designated beneficiary.''.

(2) SECTION 403(a) PLANS.—Subparagraph (B) of section 403(a)(4) of such Code (relating to rollover amounts) is amended by inserting ''and (11)'' after ''(7)''.

(3) SECTION 403(b) PLANS.—Subparagraph (B) of section 403(b)(8) of such Code (relating to rollover amounts) is amended by striking ''and (9)'' and inserting '', (9), and (11)''.

(4) SECTION 457 PLANS.—Subparagraph (B) of section 457(e)(16) of such Code (relating to rollover amounts) is amended by striking ''and (9)'' and inserting '', (9), and (11)''.

(b) EFFECTIVE DATE.—The amendments made by this section shall apply to distributions after December 31, 2006.

SEC. 830. DIRECT PAYMENT OF TAX REFUNDS TO INDIVIDUAL RETIREMENT PLANS.

(a) IN GENERAL.—The Secretary of the Treasury (or the Secretary's delegate) shall make available a form (or modify existing forms) for use by individuals to direct that a portion of any refund of overpayment of tax imposed by chapter 1 of the Internal Revenue Code of 1986 be paid directly to an individual retirement plan (as defined in section 7701(a)(37) of such Code) of such individual.

(b) EFFECTIVE DATE.—The form required by subsection (a) shall be made available for taxable years beginning after December 31, 2006.

SEC. 831. ALLOWANCE OF ADDITIONAL IRA PAYMENTS IN CERTAIN BANKRUPTCY CASES.

(a) ALLOWANCE OF CONTRIBUTIONS.—Section 219(b)(5) of the Internal Revenue Code of 1986 (relating to deductible amount) is amended by redesignating subparagraph (C) as subparagraph (D) and by inserting after subparagraph (B) the following new subparagraph:

''(C) CATCHUP CONTRIBUTIONS FOR CERTAIN INDIVIDUALS.—

''(i) IN GENERAL.—In the case of an applicable individual who elects to make a qualified retirement contribution in addition to the deductible amount determined under subparagraph (A)—

''(I) the deductible amount for any taxable year shall be increased by an amount equal to 3 times the applicable amount determined under subparagraph (B) for such taxable year, and

''(II) subparagraph (B) shall not apply.

''(ii) APPLICABLE INDIVIDUAL.—For purposes of this subparagraph, the term 'applicable individual' means, with respect to any taxable year, any individual who was a qualified participant in a qualified cash or deferred arrangement (as defined in section 401(k)) of an employer described in clause (iii) under which the employer matched at least 50 percent of the employee's contributions to such arrangement with stock of such employer.

''(iii) EMPLOYER DESCRIBED.—An employer is described in this clause if, in any taxable year preceding the taxable year described in clause (ii)—

''(I) such employer (or any controlling corporation of such employer) was a debtor in a case under title 11 of the United States Code, or similar Federal or State law, and

''(II) such employer (or any other person) was subject to an indictment or conviction resulting from business transactions related to such case.

''(iv) QUALIFIED PARTICIPANT.—For purposes of clause (ii), the term 'qualified participant' means any applicable individual who was a participant in the cash or deferred arrangement described in such clause on the date that is 6 months before the filing of the case described in clause (iii).

''(v) TERMINATION.—This subparagraph shall not apply to taxable years beginning after December 31, 2009.''

(b) EFFECTIVE DATE.—The amendments made by this section shall apply to taxable years beginning after December 31, 2006.

SEC. 832. DETERMINATION OF AVERAGE COMPENSATION FOR SECTION 415 LIMITS.

(a) IN GENERAL.—Section 415(b)(3) of the Internal Revenue Code of 1986 is amended by striking ''both was an active participant in the plan and''.

(b) EFFECTIVE DATE.—The amendment made by this section shall apply to years beginning after December 31, 2005.

SEC. 833. INFLATION INDEXING OF GROSS INCOME LIMITATIONS ON CERTAIN RETIREMENT SAVINGS INCENTIVES.

(a) SAVER'S CREDIT.—Subsection (b) of section 25B of the Internal Revenue Code of 1986 is amended to read as follows:

''(b) APPLICABLE PERCENTAGE.—For purposes of this section—

''(1) JOINT RETURNS.—In the case of a joint return, the applicable percentage is—

''(A) if the adjusted gross income of the taxpayer is not over $30,000, 50 percent,

''(B) if the adjusted gross income of the taxpayer is over $30,000 but not over $32,500, 20 percent,

''(C) if the adjusted gross income of the taxpayer is over $32,500 but not over $50,000, 10 percent, and

''(D) if the adjusted gross income of the taxpayer is over $50,000, zero percent.

''(2) OTHER RETURNS.—In the case of—

''(A) a head of household, the applicable percentage shall be determined under paragraph (1) except that such paragraph shall be applied by substituting for each dollar amount therein (as adjusted under paragraph (3)) a dollar amount equal to 75 percent of such dollar amount, and

''(B) any taxpayer not described in paragraph (1) or subparagraph (A), the applicable percentage shall be determined under paragraph (1) except that such paragraph shall be applied by substituting for each dollar amount therein (as adjusted under paragraph (3)) a dollar amount equal to 50 percent of such dollar amount.

''(3) INFLATION ADJUSTMENT.—In the case of any taxable year beginning in a calendar year after 2006, each of the dollar amount in paragraph (1) shall be increased by an amount equal to—

''(A) such dollar amount, multiplied by

''(B) the cost-of-living adjustment determined under section 1(f)(3) for the calendar year in which the taxable year begins, determined by substituting 'calendar year 2005' for 'calendar year 1992' in subparagraph (B) thereof.

Any increase determined under the preceding sentence shall be rounded to the nearest multiple of $500.''.

(b) DEDUCTION OF RETIREMENT CONTRIBUTIONS FOR ACTIVE PARTICIPANTS.—Section 219(g) of such Code is amended by adding at the end the following new paragraph:

''(8) INFLATION ADJUSTMENT.—In the case of any taxable year beginning in a calendar year after 2006, the dollar amount in the last row of the table contained in paragraph (3)(B)(i), the dollar amount in the last row of the table contained in paragraph (3)(B)(ii), and the dollar amount contained in paragraph (7)(A), shall each be increased by an amount equal to—

''(A) such dollar amount, multiplied by

''(B) the cost-of-living adjustment determined under section 1(f)(3) for the calendar year in which the taxable year begins, determined by substituting 'calendar year 2005' for 'calendar year 1992' in subparagraph (B) thereof.

Any increase determined under the preceding sentence shall be rounded to the nearest multiple of $1,000.''.

(c) CONTRIBUTION LIMITATION FOR ROTH IRAS.—Section 408A(c)(3) of such Code is amended by adding at the end the following new subparagraph:

''(C) INFLATION ADJUSTMENT.—In the case of any taxable year beginning in a calendar year after 2006, the dollar amounts in subclauses (I) and (II) of subparagraph (C)(ii) shall each be increased by an amount equal to—

''(i) such dollar amount, multiplied by

''(ii) the cost-of-living adjustment determined under section 1(f)(3) for the calendar year in which the taxable year begins, determined by substituting 'calendar year 2005' for 'calendar year 1992' in subparagraph (B) thereof.

Any increase determined under the preceding sentence shall be rounded to the nearest multiple of $1,000.''.

(d) EFFECTIVE DATE.—The amendments made by this section shall apply to taxable years beginning after 2006.

Subtitle D—Health and Medical Benefits

SEC. 841. USE OF EXCESS PENSION ASSETS FOR FUTURE RETIREE HEALTH BENEFITS AND COLLECTIVELY BARGAINED RETIREE HEALTH BENEFITS.

(a) IN GENERAL.—Section 420 of the Internal Revenue Code of 1986 (relating to transfers of excess pension assets to retiree health accounts) is amended by adding at the end the following new subsection:

''(f) QUALIFIED TRANSFERS TO COVER FUTURE RETIREE HEALTH COSTS AND COLLECTIVELY BARGAINED RETIREE HEALTH BENEFITS.—

''(1) IN GENERAL.—An employer maintaining a defined benefit plan (other than a multiemployer plan) may, in lieu of a qualified transfer, elect for any taxable year to have the plan make—

''(A) a qualified future transfer, or

''(B) a collectively bargained transfer.

Except as provided in this subsection, a qualified future transfer and a collectively bargained transfer shall be treated for purposes of this title and the Employee Retirement Income Security Act of 1974 as if it were a qualified transfer.

''(2) QUALIFIED FUTURE AND COLLECTIVELY BARGAINED TRANSFERS.—For purposes of this subsection—

''(A) IN GENERAL.—The terms 'qualified future transfer' and 'collectively bargained transfer' mean a transfer which meets all of the requirements for a qualified transfer, except that—

''(i) the determination of excess pension assets shall be made under subparagraph (B),

''(ii) the limitation on the amount transferred shall be determined under subparagraph (C),

''(iii) the minimum cost requirements of subsection (c)(3) shall be modified as provided under subparagraph (D), and

''(iv) in the case of a collectively bargained transfer, the requirements of subparagraph (E) shall be met with respect to the transfer.

''(B) EXCESS PENSION ASSETS.—

''(i) IN GENERAL.—In determining excess pension assets for purposes of this subsection, subsection (e)(2) shall be applied by substituting '120 percent' for '125 percent'.

''(ii) REQUIREMENT TO MAINTAIN FUNDED STATUS.—If, as of any valuation date of any plan year in the transfer period, the amount determined under subsection (e)(2)(B) (after application of clause (i)) exceeds the amount determined under subsection (e)(2)(A), either—

''(I) the employer maintaining the plan shall make contributions to the plan in an amount not less than the amount required to reduce such excess to zero as of such date, or

''(II) there is transferred from the health benefits account to the plan an amount not less than the amount required to reduce such excess to zero as of such date.

''(C) LIMITATION ON AMOUNT TRANSFERRED.—Notwithstanding subsection (b)(3), the amount of the excess pension assets which may be transferred—

''(i) in the case of a qualified future transfer shall be equal to the sum of—

''(I) if the transfer period includes the taxable year of the transfer, the amount determined under subsection (b)(3) for such taxable year, plus

''(II) in the case of all other taxable years in the transfer period, the sum of the qualified current retiree health liabilities which the plan reasonably estimates, in accordance with guidance issued by the Secretary, will be incurred for each of such years, and

''(ii) in the case of a collectively bargained transfer, shall not exceed the amount which is reasonably estimated, in accordance with the provisions of the collective bargaining agreement and generally accepted accounting principles, to be the amount the employer maintaining the plan will pay (whether directly or through reimbursement) out of such account during the collectively bargained cost maintenance period for collectively bargained retiree health liabilities.

''(D) MINIMUM COST REQUIREMENTS.—

''(i) IN GENERAL.—The requirements of subsection (c)(3) shall be treated as met if—

''(I) in the case of a qualified future transfer, each group health plan or arrangement under which applicable health benefits are provided provides applicable health benefits during the period beginning with the first year of the transfer period and ending with the last day of the 4th year following the transfer period such that the annual average amount of such the applicable employer cost during such period is not less than the applicable employer cost determined under subsection (c)(3)(A) with respect to the transfer, and

''(II) in the case of a collectively bargained transfer, each collectively bargained group health plan under which collectively bargained health benefits are provided provides that the collectively bargained employer cost for each taxable year during the collectively bargained cost maintenance period shall not be less than the amount specified by the collective bargaining agreement.

''(ii) ELECTION TO MAINTAIN BENEFITS FOR FUTURE TRANSFERS.—An employer may elect, in lieu of the requirements of clause (i)(I), to meet the requirements of subsection (c)(3) by meeting the requirements of such subsection (as in effect before the amendments made by section 535 of the Tax Relief Extension Act of 1999) for each of the years described in the period under clause (i)(I).

''(iii) COLLECTIVELY BARGAINED EMPLOYER COST.—For purposes of this subparagraph, the term 'collectively bargained employer cost' means the average cost per covered individual of providing collectively bargained retiree health benefits as determined in accordance with the applicable collective bargaining agreement. Such agreement may provide for an appropriate reduction in the collectively bargained employer cost to take into account any portion of the collectively bargained retiree health benefits that is provided or financed by a government program or other source.

''(E) SPECIAL RULES FOR COLLECTIVELY BARGAINED TRANSFERS.—

''(i) IN GENERAL.—A collectively bargained transfer shall only include a transfer which—

''(I) is made in accordance with a collective bargaining agreement,

''(II) before the transfer, the employer designates, in a written notice delivered to each employee organization that is a party to the collective bargaining agreement, as a collectively bargained transfer in accordance with this section, and

''(III) involves a plan maintained by an employer which, in its taxable year ending in 2005, provided health benefits or coverage to retirees and their spouses and dependents under all of the benefit plans maintained by the employer, but only if the aggregate cost (including administrative expenses) of such benefits or coverage which would have been allowable as a deduction to the employer (if such benefits or coverage had been provided directly by the employer and the employer used the cash receipts and disbursements method of accounting) is at least 5 percent of the gross receipts of the employer (determined in accordance with the last sentence of subsection (c)(2)(E)(ii)(II)) for such taxable year, or a plan maintained by a successor to such employer.

''(ii) USE OF ASSETS.—Any assets transferred to a health benefits account in a collectively bargained transfer (and any income allocable thereto) shall be used only to pay collectively bargained retiree health liabilities (other than liabilities of key employees not taken into account under paragraph (6)(B)(iii)) for the taxable year of the transfer or for any subsequent taxable year during the collectively bargained cost maintenance period (whether directly or through reimbursement).

''(3) COORDINATION WITH OTHER TRANSFERS.—In applying subsection (b)(3) to any subsequent transfer during a taxable year in a transfer period or collectively bargained cost maintenance period, qualified current retiree health liabilities shall be reduced by any such liabilities taken into account with respect to the qualified future transfer or collectively bargained transfer to which such period relates.

''(4) SPECIAL DEDUCTION RULES FOR COLLECTIVELY BARGAINED TRANSFERS.—In the case of a collectively bargained transfer—

''(A) the limitation under subsection (d)(1)(C) shall not apply, and

''(B) notwithstanding subsection (d)(2), an employer may contribute an amount to a health benefits account or welfare benefit fund (as defined in section 419(e)(1)) with respect to collectively bargained retiree health liabilities for which transferred assets are required to be used under subsection (c)(1)(B), and the deductibility of any such contribution shall be governed by the limits applicable to the deductibility of contributions to a welfare benefit fund under a collective bargaining agreement (as determined under section 419A(f)(5)(A)) without regard to whether such contributions are made to a health benefits account or welfare benefit fund and without regard to the provisions of section 404 or the other provisions of this section.

The Secretary shall provide rules to ensure that the application of this paragraph does not result in a deduction being allowed more than once for the same contribution or for 2 or more contributions or expenditures relating to the same collectively bargained retiree health liabilities.

''(5) TRANSFER PERIOD.—For purposes of this subsection, the term 'transfer period' means, with respect to any transfer, a period of consecutive taxable years (not less than 2) specified in the election under paragraph (1) which begins and ends during the 10-taxable-year period beginning with the taxable year of the transfer.

''(6) TERMS RELATING TO COLLECTIVELY BARGAINED TRANSFERS.—For purposes of this subsection—

''(A) COLLECTIVELY BARGAINED COST MAINTENANCE PERIOD.—The term 'collectively bargained cost maintenance period' means, with respect to each covered retiree and his covered spouse and dependents, the shorter of—

''(i) the remaining lifetime of such covered retiree and his covered spouse and dependents, or

''(ii) the period of coverage provided by the collectively bargained health plan (determined as of the date of the collectively bargained transfer) with respect to such covered retiree and his covered spouse and dependents.

''(B) COLLECTIVELY BARGAINED RETIREE HEALTH LIABILITIES.—

''(i) IN GENERAL.—The term 'collectively bargained retiree health liabilities' means the present value, as of the beginning of a taxable year and determined in accordance with the applicable collective bargaining agreement, of all collectively bargained health benefits (including administrative expenses) for such taxable year and all subsequent taxable years during the collectively bargained cost maintenance period.

''(ii) REDUCTION FOR AMOUNTS PREVIOUSLY SET ASIDE.—The amount determined under clause (i) shall be reduced by the value (as of the close of the plan year preceding the year of the collectively bargained transfer) of the assets in all health benefits accounts or welfare benefit funds (as defined in section 419(e)(1)) set aside to pay for the collectively bargained retiree health liabilities.

''(iii) KEY EMPLOYEES EXCLUDED.—If an employee is a key employee (within the meaning of section 416(I)(1)) with respect to any plan year ending in a taxable year, such employee shall not be taken into account in computing collectively bargained retiree health liabilities for such taxable year or in calculating collectively bargained employer cost under subsection (c)(3)(C).

''(C) COLLECTIVELY BARGAINED HEALTH BENEFITS.—The term 'collectively bargained health benefits' means health benefits or coverage which are provided to—

''(i) retired employees who, immediately before the collectively bargained transfer, are entitled to receive such benefits upon retirement and who are entitled to pension benefits under the plan, and their spouses and dependents, and

''(ii) if specified by the provisions of the collective bargaining agreement governing the collectively bargained transfer, active employees who, following their retirement, are entitled to receive such benefits and who are entitled to pension benefits under the plan, and their spouses and dependents.

''(D) COLLECTIVELY BARGAINED HEALTH PLAN.—The term 'collectively bargained health plan' means a group health plan or arrangement for retired employees and their spouses and dependents that is maintained pursuant to 1 or more collective bargaining agreements.''.

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

SEC. 842. TRANSFER OF EXCESS PENSION ASSETS TO MULTIEMPLOYER HEALTH PLAN.

(a) IN GENERAL.—Section 420 of the Internal Revenue Code of 1986 is amended—

(1) by striking ''(other than a multiemployer plan)'' in subsection (a), and

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

''(5) APPLICATION TO MULTIEMPLOYER PLANS.—In the case of a multiemployer plan, this section shall be applied to any such plan—

''(A) by treating any reference in this section to an employer as a reference to all employers maintaining the plan (or, if appropriate, the plan sponsor), and

''(B) in accordance with such modifications of this section (and the provisions of this title relating to this section) as the Secretary determines appropriate to reflect the fact the plan is not maintained by a single employer.''

(b) EFFECTIVE DATE.—The amendment made by this section shall apply to transfers made in taxable years beginning after December 31, 2006.

SEC. 843. ALLOWANCE OF RESERVE FOR MEDICAL BENEFITS OF PLANS SPONSORED BY BONA FIDE ASSOCIATIONS.

(a) IN GENERAL.—Section 419A(c) of the Internal Revenue Code of 1986 (relating to account limit) is amended by adding at the end the following new paragraph:

''(6) ADDITIONAL RESERVE FOR MEDICAL BENEFITS OF BONA FIDE ASSOCIATION PLANS.—

''(A) IN GENERAL.—An applicable account limit for any taxable year may include a reserve in an amount not to exceed 35 percent of the sum of—

''(i) the qualified direct costs, and

''(ii) the change in claims incurred but unpaid,

for such taxable year with respect to medical benefits (other than post-retirement medical benefits).

''(B) APPLICABLE ACCOUNT LIMIT.—For purposes of this subsection, the term 'applicable account limit' means an account limit for a qualified asset account with respect to medical benefits provided through a plan maintained by a bona fide association (as defined in section 2791(d)(3) of the Public Health Service Act (42 U.S.C. 300gg–91(d)(3))''.

(b) EFFECTIVE DATE.—The amendment made by this section shall apply to taxable years beginning after December 31, 2006.

SEC. 844. TREATMENT OF ANNUITY AND LIFE INSURANCE CONTRACTS WITH A LONG-TERM CARE INSURANCE FEATURE.

(a) EXCLUSION FROM GROSS INCOME.—Subsection (e) of section 72 of the Internal Revenue Code of 1986 (relating to amounts not received as annuities) is amended by redesignating paragraph (11) as paragraph (12) and by inserting after paragraph (10) the following new paragraph:

''(11) SPECIAL RULES FOR CERTAIN COMBINATION CONTRACTS PROVIDING LONG-TERM CARE INSURANCE.—Notwithstanding paragraphs (2), (5)(C), and (10), in the case of any charge against the cash value of an annuity contract or the cash surrender value of a life insurance contract made as payment for coverage under a qualified long-term care insurance contract which is part of or a rider on such annuity or life insurance contract—

''(A) the investment in the contract shall be reduced (but not below zero) by such charge, and

''(B) such charge shall not be includible in gross income.''.

(b) TAX-FREE EXCHANGES AMONG CERTAIN INSURANCE POLICIES.—

(1) ANNUITY CONTRACTS CAN INCLUDE QUALIFIED LONG-TERM CARE INSURANCE RIDERS.—Paragraph (2) of section 1035(b) of such Code is amended by adding at the end the following new sentence: ''For purposes of the preceding sentence, a contract shall not fail to be treated as an annuity contract solely because a qualified long-term care insurance contract is a part of or a rider on such contract.''.

(2) LIFE INSURANCE CONTRACTS CAN INCLUDE QUALIFIED LONG-TERM CARE INSURANCE RIDERS.—Paragraph (3) of section 1035(b) of such Code is amended by adding at the end the following new sentence: ''For purposes of the preceding sentence, a contract shall not fail to be treated as a life insurance contract solely because a qualified long-term care insurance contract is a part of or a rider on such contract.''.

(3) EXPANSION OF TAX-FREE EXCHANGES OF LIFE INSURANCE, ENDOWMENT, AND ANNUITY CONTRACTS FOR LONG-TERM CARE CONTRACTS.—Subsection (a) of section 1035 of such Code (relating to certain exchanges of insurance policies) is amended—

(A) in paragraph (1) by inserting ''or for a qualified long-term care insurance contract'' before the semicolon at the end,

(B) in paragraph (2) by inserting '', or (C) for a qualified long-term care insurance contract'' before the semicolon at the end, and

(C) in paragraph (3) by inserting ''or for a qualified long-term care insurance contract'' before the period at the end.

(4) TAX-FREE EXCHANGES OF QUALIFIED LONG-TERM CARE INSURANCE CONTRACT.—Subsection (a) of section 1035 of such Code (relating to certain exchanges of insurance policies) is amended by striking ''or'' at the end of paragraph (2), by striking the period at the end of paragraph (3) and inserting ''; or'', and by inserting after paragraph (3) the following new paragraph:

''(4) a qualified long-term care insurance contract for a qualified long-term care insurance contract.''.

(c) TREATMENT OF COVERAGE PROVIDED AS PART OF A LIFE INSURANCE OR ANNUITY CONTRACT.—Subsection (e) of section 7702B of such Code (relating to treatment of qualified long-term care insurance) is amended to read as follows:

''(e) TREATMENT OF COVERAGE PROVIDED AS PART OF A LIFE INSURANCE OR ANNUITY CONTRACT.—Except as otherwise provided in regulations prescribed by the Secretary, in the case of any long-term care insurance coverage (whether or not qualified) provided by a rider on or as part of a life insurance contract or an annuity contract—

''(1) IN GENERAL.—This title shall apply as if the portion of the contract providing such coverage is a separate contract.

''(2) DENIAL OF DEDUCTION UNDER SECTION 213.—No deduction shall be allowed under section 213(a) for any payment made for coverage under a qualified long-term care insurance contract if such payment is made as a charge against the cash surrender value of a life insurance contract or the cash value of an annuity contract.

''(3) PORTION DEFINED.—For purposes of this subsection, the term 'portion' means only the terms and benefits under a life insurance contract or annuity contract that are in addition to the terms and benefits under the contract without regard to long-term care insurance coverage.

''(4) ANNUITY CONTRACTS TO WHICH PARAGRAPH (1) DOES NOT APPLY.—For purposes of this subsection, none of the following shall be treated as an annuity contract:

''(A) A trust described in section 401(a) which is exempt from tax under section 501(a).

''(B) A contract—

''(i) purchased by a trust described in subparagraph (A),

''(ii) purchased as part of a plan described in section 403(a),

''(iii) described in section 403(b),

''(iv) provided for employees of a life insurance company under a plan described in section 818(a)(3), or

''(v) from an individual retirement account or an individual retirement annuity.

''(C) A contract purchased by an employer for the benefit of the employee (or the employee's spouse).

Any dividend described in section 404(k) which is received by a participant or beneficiary shall, for purposes of this paragraph, be treated as paid under a separate contract to which subparagraph (B)(i) applies.''.

(d) INFORMATION REPORTING.—

(1) Subpart B of part III of subchapter A of chapter 61 of such Code (relating to information concerning transactions with other persons) is amended by adding at the end the following new section:

''SEC. 6050U. CHARGES OR PAYMENTS FOR QUALIFIED LONG-TERM CARE INSURANCE CONTRACTS UNDER COMBINED ARRANGEMENTS.

''(a) REQUIREMENT OF REPORTING.—Any person who makes a charge against the cash value of an annuity contract, or the cash surrender value of a life insurance contract, which is excludible from gross income under section 72(e)(11) shall make a return, according to the forms or regulations prescribed by the Secretary, setting forth—

''(1) the amount of the aggregate of such charges against each such contract for the calendar year,

''(2) the amount of the reduction in the investment in each such contract by reason of such charges, and

''(3) the name, address, and TIN of the individual who is the holder of each such contract.

''(b) STATEMENTS TO BE FURNISHED TO PERSONS WITH RESPECT TO WHOM INFORMATION IS REQUIRED.—Every person required to make a return under subsection (a) shall furnish to each individual whose name is required to be set forth in such return a written statement showing—

''(1) the name, address, and phone number of the information contact of the person making the payments, and

''(2) the information required to be shown on the return with respect to such individual.

The written statement required under the preceding sentence shall be furnished to the individual on or before January 31 of the year following the calendar year for which the return under subsection (a) was required to be made.''.

(2) PENALTY FOR FAILURE TO FILE.—

(A) RETURN.—Subparagraph (B) of section 6724(d)(1) of such Code is amended by striking ''or'' at the end of clause (xvii), by striking ''and'' at the end of clause (xviii) and inserting ''or'', and by adding at the end the following new clause:

''(xix) section 6050U (relating to charges or payments for qualified long-term care insurance contracts under combined arrangements), and''.

(B) STATEMENT.—Paragraph (2) of section 6724(d) of such Code is amended by striking ''or'' at the end of subparagraph (AA), by striking the period at the end of subparagraph (BB), and by inserting after subparagraph (BB) the following new subparagraph:

''(CC) section 6050U (relating to charges or payments for qualified long-term care insurance contracts under combined arrangements).''.

(3) CLERICAL AMENDMENT.—The table of sections for subpart B of part III of subchapter A of such chapter 61 of such Code is amended by adding at the end the following new item:

''Sec. 6050U. Charges or payments for qualified long-term care insurance contracts under combined arrangements.''.

(e) TREATMENT OF POLICY ACQUISITION EXPENSES.—Subsection (e) of section 848 of such Code (relating to classification of contracts) is amended by adding at the end the following new paragraph:

''(6) TREATMENT OF CERTAIN QUALIFIED LONG-TERM CARE INSURANCE CONTRACT ARRANGEMENTS.—An annuity or life insurance contract which includes a qualified long-term care insurance contract as a part of or a rider on such annuity or life insurance contract shall be treated as a specified insurance contract not described in subparagraph (A) or (B) of subsection (c)(1).''.

(f) TECHNICAL AMENDMENT.—Paragraph (1) of section 7702B(e) of such Code (as in effect before amendment by subsection (c)) is amended by striking ''section'' and inserting ''title''.

(g) EFFECTIVE DATES.—

(1) IN GENERAL.—Except as otherwise provided in this subsection, the amendments made by this section shall apply to contracts issued after December 31, 1996, but only with respect to taxable years beginning after December 31, 2009.

(2) TAX-FREE EXCHANGES.—The amendments made by subsection (b) shall apply with respect to exchanges occurring after December 31, 2009.

(3) INFORMATION REPORTING.—The amendments made by subsection (d) shall apply to charges made after December 31, 2009.

(4) POLICY ACQUISITION EXPENSES.—The amendment made by subsection (e) shall apply to specified policy acquisition expenses determined for taxable years beginning after December 31, 2009.

(5) TECHNICAL AMENDMENT.—The amendment made by subsection (f) shall take effect as if included in section 321(a) of the Health Insurance Portability and Accountability Act of 1996.

SEC. 845. DISTRIBUTIONS FROM GOVERNMENTAL RETIREMENT PLANS FOR HEALTH AND LONG-TERM CARE INSURANCE FOR PUBLIC SAFETY OFFICERS.

(a) IN GENERAL.—Section 402 of the Internal Revenue Code of 1986 (relating to taxability of beneficiary of employees' trust) is amended by adding at the end the following new subsection:

''(1) DISTRIBUTIONS FROM GOVERNMENTAL PLANS FOR HEALTH AND LONG-TERM CARE INSURANCE.—

''(1) IN GENERAL.—In the case of an employee who is an eligible retired public safety officer who makes the election described in paragraph (6) with respect to any taxable year of such employee, gross income of such employee for such taxable year does not include any distribution from an eligible retirement plan to the extent that the aggregate amount of such distributions does not exceed the amount paid by such employee for qualified health insurance premiums of the employee, his spouse, or dependents (as defined in section 152) for such taxable year.

''(2) LIMITATION.—The amount which may be excluded from gross income for the taxable year by reason of paragraph (1) shall not exceed $3,000.

''(3) DISTRIBUTIONS MUST OTHERWISE BE INCLUDIBLE.—

''(A) IN GENERAL.—An amount shall be treated as a distribution for purposes of paragraph (1) only to the extent that such amount would be includible in gross income without regard to paragraph (1).

''(B) APPLICATION OF SECTION 72.—Notwithstanding section 72, in determining the extent to which an amount is treated as a distribution for purposes of subparagraph (A), the aggregate amounts distributed from an eligible retirement plan in a taxable year (up to the amount excluded under paragraph (1)) shall be treated as includible in gross income (without regard to subparagraph (A)) to the extent that such amount does not exceed the aggregate amount which would have been so includible if all amounts distributed from all eligible retirement plans were treated as 1 contract for purposes of determining the inclusion of such distribution under section 72. Proper adjustments shall be made in applying section 72 to other distributions in such taxable year and subsequent taxable years.

''(4) DEFINITIONS.—For purposes of this subsection—

''(A) ELIGIBLE RETIREMENT PLAN.—For purposes of paragraph (1), the term 'eligible retirement plan' means a governmental plan (within the meaning of section 414(d)) which is described in clause (iii), (iv), (v), or (vi) of subsection (c)(8)(B).

''(B) ELIGIBLE RETIRED PUBLIC SAFETY OFFICER.—The term 'eligible retired public safety officer' means an individual who, by reason of disability or attainment of normal retirement age, is separated from service as a public safety officer with the employer who maintains the eligible retirement plan from which distributions subject to paragraph (1) are made.

''(C) PUBLIC SAFETY OFFICER.—The term 'public safety officer' shall have the same meaning given such term by section 1204(9)(A) of the Omnibus Crime Control and Safe Streets Act of 1968 (42 U.S.C. 3796b(9)(A)).

''(D) QUALIFIED HEALTH INSURANCE PREMIUMS.—The term 'qualified health insurance premiums' means premiums for coverage for the eligible retired public safety officer, his spouse, and dependents, by an accident or health insurance plan or qualified long-term care insurance contract (as defined in section 7702B(b)).

''(5) SPECIAL RULES.—For purposes of this subsection—

''(A) DIRECT PAYMENT TO INSURER REQUIRED.—Paragraph (1) shall only apply to a distribution if payment of the premiums is made directly to the provider of the accident or health insurance plan or qualified long-term care insurance contract by deduction from a distribution from the eligible retirement plan.

''(B) RELATED PLANS TREATED AS 1.—All eligible retirement plans of an employer shall be treated as a single plan.

''(6) ELECTION DESCRIBED.—

''(A) IN GENERAL.—For purposes of paragraph (1), an election is described in this paragraph if the election is made by an employee after separation from service with respect to amounts not distributed from an eligible retirement plan to have amounts from such plan distributed in order to pay for qualified health insurance premiums.

''(B) SPECIAL RULE.—A plan shall not be treated as violating the requirements of section 401, or as engaging in a prohibited transaction for purposes of section 503(b), merely because it provides for an election with respect to amounts that are otherwise distributable under the plan or merely because of a distribution made pursuant to an election described in subparagraph (A).

''(7) COORDINATION WITH MEDICAL EXPENSE DEDUCTION.—The amounts excluded from gross income under paragraph (1) shall not be taken into account under section 213.

''(8) COORDINATION WITH DEDUCTION FOR HEALTH INSURANCE COSTS OF SELF-EMPLOYED INDIVIDUALS.—The amounts excluded from gross income under paragraph (1) shall not be taken into account under section 162(l).''.

(b) CONFORMING AMENDMENTS.—

(1) Section 403(a) of such Code (relating to taxability of beneficiary under a qualified annuity plan) is amended by inserting after paragraph (1) the following new paragraph:

''(2) SPECIAL RULE FOR HEALTH AND LONG-TERM CARE INSURANCE.—To the extent provided in section 402(l), paragraph (1) shall not apply to the amount distributed under the contract which is otherwise includible in gross income under this subsection.''.

(2) Section 403(b) of such Code (relating to taxability of beneficiary under annuity purchased by section 501(c)(3) organization or public school) is amended by inserting after paragraph (1) the following new paragraph:

''(2) SPECIAL RULE FOR HEALTH AND LONG-TERM CARE INSURANCE.—To the extent provided in section 402(l), paragraph (1) shall not apply to the amount distributed under the contract which is otherwise includible in gross income under this subsection.''.

(3) Section 457(a) of such Code (relating to year of inclusion in gross income) is amended by adding at the end the following new paragraph:

''(3) SPECIAL RULE FOR HEALTH AND LONG-TERM CARE INSURANCE.—In the case of a plan of an eligible employer described in subsection (e)(1)(A), to the extent provided in section 402(l), paragraph (1) shall not apply to amounts otherwise includible in gross income under this subsection.''.

(c) EFFECTIVE DATE.—The amendments made by this section shall apply to distributions in taxable years beginning after December 31, 2006.

Subtitle E—United States Tax Court Modernization

SEC. 851. COST-OF-LIVING ADJUSTMENTS FOR TAX COURT JUDICIAL SURVIVOR ANNUITIES.

(a) IN GENERAL.—Subsection (s) of section 7448 of the Internal Revenue Code of 1986 (relating to annuities to surviving spouses and dependent children of judges) is amended to read as follows:

''(s) INCREASES IN SURVIVOR ANNUITIES.—Each time that an increase is made under section 8340(b) of title 5, United States Code, in annuities payable under subchapter III of chapter 83 of that title, each annuity payable from the survivors annuity fund under this section shall be increased at the same time by the same percentage by which annuities are increased under such section 8340(b).''.

(b) EFFECTIVE DATE.—The amendment made by this section shall apply with respect to increases made under section 8340(b) of title 5, United States Code, in annuities payable under subchapter III of chapter 83 of that title, taking effect after the date of the enactment of this Act.

SEC. 852. COST OF LIFE INSURANCE COVERAGE FOR TAX COURT JUDGES AGE 65 OR OVER.

Section 7472 of the Internal Revenue Code of 1986 (relating to expenditures) is amended by inserting after the first sentence the following new sentence: ''Notwithstanding any other provision of law, the Tax Court is authorized to pay on behalf of its judges, age 65 or over, any increase in the cost of Federal Employees' Group Life Insurance imposed after the date of the enactment of the Pension Protection Act of 2006, including any expenses generated by such payments, as authorized by the chief judge in a manner consistent with such payments authorized by the Judicial Conference of the United States pursuant to section 604(a)(5) of title 28, United States Code.''

SEC. 853. PARTICIPATION OF TAX COURT JUDGES IN THE THRIFT SAVINGS PLAN.

(a) IN GENERAL.—Section 7447 of the Internal Revenue Code of 1986 (relating to retirement of judges) is amended by adding at the end the following new subsection:

''(j) THRIFT SAVINGS PLAN.—

''(1) ELECTION TO CONTRIBUTE.—

''(A) IN GENERAL.—A judge of the Tax Court may elect to contribute to the Thrift Savings Fund established by section 8437 of title 5, United States Code.

''(B) PERIOD OF ELECTION.—An election may be made under this paragraph only during a period provided under section 8432(b) of title 5, United States Code, for individuals subject to chapter 84 of such title.

''(2) APPLICABILITY OF TITLE 5 PROVISIONS.—Except as otherwise provided in this subsection, the provisions of subchapters III and VII of chapter 84 of title 5, United States Code, shall apply with respect to a judge who makes an election under paragraph (1).

''(3) SPECIAL RULES.—

''(A) AMOUNT CONTRIBUTED.—The amount contributed by a judge to the Thrift Savings Fund in any pay period shall not exceed the maximum percentage of such judge's basic pay for such period as allowable under section 8440f of title 5, United States Code. Basic pay does not include any retired pay paid pursuant to this section.

''(B) CONTRIBUTIONS FOR BENEFIT OF JUDGE.—No contributions may be made for the benefit of a judge under section 8432(c) of title 5, United States Code.

''(C) APPLICABILITY OF SECTION 8433(b) OF TITLE 5 WHETHER OR NOT JUDGE RETIRES.—Section 8433(b) of title 5, United States Code, applies with respect to a judge who makes an election under paragraph (1) and who either—

''(i) retires under subsection (b), or

''(ii) ceases to serve as a judge of the Tax Court but does not retire under subsection (b).

Retirement under subsection (b) is a separation from service for purposes of subchapters III and VII of chapter 84 of that title.

''(D) APPLICABILITY OF SECTION 8351(b)(5) OF TITLE 5.—The provisions of section 8351(b)(5) of title 5, United States Code, shall apply with respect to a judge who makes an election under paragraph (1).

''(E) EXCEPTION.—Notwithstanding subparagraph (C), if any judge retires under this section, or resigns without having met the age and service requirements set forth under subsection (b)(2), and such judge's nonforfeitable account balance is less than an amount that the Executive Director of the Federal Retirement Thrift Investment Board prescribes by regulation, the Executive Director shall pay the nonforfeitable account balance to the participant in a single payment.''.

(b) EFFECTIVE DATE.—The amendment made by this section shall take effect on the date of the enactment of this Act, except that United States Tax Court judges may only begin to participate in the Thrift Savings Plan at the next open season beginning after such date.

SEC. 854. ANNUITIES TO SURVIVING SPOUSES AND DEPENDENT CHILDREN OF SPECIAL TRIAL JUDGES OF THE TAX COURT.

(a) DEFINITIONS.—Section 7448(a) of the Internal Revenue Code of 1986 (relating to definitions), as amended by this Act, is amended by redesignating paragraphs (5), (6), (7), and (8) as paragraphs (7), (8), (9), and (10), respectively, and by inserting after paragraph (4) the following new paragraphs:

''(5) The term 'special trial judge' means a judicial officer appointed pursuant to section 7443A, including any individual receiving an annuity under chapters 83 or 84 of title 5, United States Code, whether or not performing judicial duties under section 7443B.

''(6) The term 'special trial judge's salary' means the salary of a special trial judge received under section 7443A(d), any amount received as an annuity under chapters 83 or 84 of title 5, United States Code, and compensation received under section 7443B.''.

(b) ELECTION.—Subsection (b) of section 7448 of such Code (relating to annuities to surviving spouses and dependent children of judges) is amended—

(1) by striking the subsection heading and inserting the following:

''(b) ELECTION.—

''(1) JUDGES.—'',

(2) by moving the text 2 ems to the right, and

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

''(2) SPECIAL TRIAL JUDGES.—Any special trial judge may by written election filed with the chief judge bring himself or herself within the purview of this section. Such election shall be filed not later than the later of 6 months after—

''(A) 6 months after the date of the enactment of this paragraph,

''(B) the date the judge takes office, or

''(C) the date the judge marries.''.

(c) CONFORMING AMENDMENTS.—

(1) The heading of section 7448 of such Code is amended by inserting ''**AND SPECIAL TRIAL JUDGES**'' after ''**JUDGES**''.

(2) The item relating to section 7448 in the table of sections for part I of subchapter C of chapter 76 of such Code is amended by inserting ''and special trial judges'' after ''judges''.

(3) Subsections (c)(1), (d), (f), (g), (h), (j), (m), (n), and (u) of section 7448 of such Code, as amended by this Act, are each amended—

(A) by inserting ''or special trial judge'' after ''judge'' each place it appears other than in the phrase ''chief judge'', and

(B) by inserting ''or special trial judge's'' after ''judge's'' each place it appears.

(4) Section 7448(c) of such Code is amended—

(A) in paragraph (1), by striking ''Tax Court judges'' and inserting ''Tax Court judicial officers'',

(B) in paragraph (2)—

(i) in subparagraph (A), by inserting ''and section 7443A(d)'' after ''(a)(4)'', and

(ii) in subparagraph (B), by striking ''subsection (a)(4)'' and inserting ''subsections (a)(4) and (a)(6)''.

(5) Section 7448(j)(1) of such Code is amended—

(A) in subparagraph (A), by striking ''service or retired'' and inserting ''service, retired'', and by inserting '', or receiving any annuity under chapters 83 or 84 of title 5, United States Code,'' after ''section 7447'', and

(B) in the last sentence, by striking ''subsections (a) (6) and (7)'' and inserting ''paragraphs (8) and (9) of subsection (a)''.

(6) Section 7448(m)(1) of such Code, as amended by this Act, is amended by inserting ''or any annuity under chapters 83 or 84 of title 5, United States Code'' after ''7447(d)''.

(7) Section 7448(n) of such Code is amended by inserting ''his years of service pursuant to any appointment under section 7443A,'' after ''of the Tax Court,''.

(8) Section 3121(b)(5)(E) of such Code is amended by inserting ''or special trial judge'' before ''of the United States Tax Court''.

(9) Section 210(a)(5)(E) of the Social Security Act is amended by inserting ''or special trial judge'' before ''of the United States Tax Court''.

SEC. 855. JURISDICTION OF TAX COURT OVER COLLECTION DUE PROCESS CASES.

(a) IN GENERAL.—Paragraph (1) of section 6330(d) of the Internal Revenue Code of 1986 (relating to proceeding after hearing) is amended to read as follows:

''(1) JUDICIAL REVIEW OF DETERMINATION.—The person may, within 30 days of a determination under this section, appeal such determination to the Tax Court (and the Tax Court shall have jurisdiction with respect to such matter).''.

(b) EFFECTIVE DATE.—The amendment made by this section shall apply to determinations made after the date which is 60 days after the date of the enactment of this Act.

SEC. 856. PROVISIONS FOR RECALL.

(a) IN GENERAL.—Part I of subchapter C of chapter 76 of the Internal Revenue Code of 1986 is amended by inserting after section 7443A the following new section:

''SEC. 7443B. RECALL OF SPECIAL TRIAL JUDGES OF THE TAX COURT.

''(a) RECALLING OF RETIRED SPECIAL TRIAL JUDGES.—Any individual who has retired pursuant to the applicable provisions of title 5, United States Code, upon reaching the age and service requirements established therein, may at or after retirement be called upon by the chief judge of the Tax Court to perform such judicial duties with the Tax Court as may be requested of such individual for any period or periods specified by the chief judge; except that in the case of any such individual—

''(1) the aggregate of such periods in any 1 calendar year shall not (without such individual's consent) exceed 90 calendar days, and

''(2) such individual shall be relieved of performing such duties during any period in which illness or disability precludes the performance of such duties.

Any act, or failure to act, by an individual performing judicial duties pursuant to this subsection shall have the same force and effect as if it were the act (or failure to act) of a special trial judge of the Tax Court.

''(b) COMPENSATION.—For the year in which a period of recall occurs, the special trial judge shall receive, in addition to the annuity provided under the applicable provisions of title 5, United States Code, an amount equal to the difference between that annuity and the current salary of the office to which the special trial judge is recalled.

''(c) RULEMAKING AUTHORITY.—The provisions of this section may be implemented under such rules as may be promulgated by the Tax Court.''

(b) CONFORMING AMENDMENT.—The table of sections for part I of subchapter C of chapter 76 of such Code is amended by inserting after the item relating to section 7443A the following new item:

''Sec. 7443B. Recall of special trial judges of the Tax Court.''.

SEC. 857. AUTHORITY FOR SPECIAL TRIAL JUDGES TO HEAR AND DECIDE CERTAIN EMPLOYMENT STATUS CASES.

(a) IN GENERAL.—Section 7443A(b) of the Internal Revenue Code of 1986 (relating to proceedings which may be assigned to special trial judges) is amended by striking ''and'' at the end of paragraph (4), by redesignating paragraph (5) as paragraph (6), and by inserting after paragraph (4) the following new paragraph:

''(5) any proceeding under section 7436(c), and''.

(b) CONFORMING AMENDMENT.—Section 7443A(c) of such Code is amended by striking ''or (4)'' and inserting ''(4), or (5)''.

(c) EFFECTIVE DATE.—The amendments made by this section shall apply to any proceeding under section 7436(c) of the Internal Revenue Code of 1986 with respect to which a decision has not become final (as determined under section 7481 of such Code) before the date of the enactment of this Act.

SEC. 858. CONFIRMATION OF AUTHORITY OF TAX COURT TO APPLY DOCTRINE OF EQUITABLE RECOUPMENT.

(a) CONFIRMATION OF AUTHORITY OF TAX COURT TO APPLY DOCTRINE OF EQUITABLE RECOUPMENT.—Section 6214(b) of the Internal Revenue Code of 1986 (relating to jurisdiction over other years and quarters) is amended by adding at the end the following new sentence: ''Notwithstanding the preceding sentence, the Tax Court may apply the doctrine of equitable recoupment to the same extent that it is available in civil tax cases before the district courts of the United States and the United States Court of Federal Claims.''.

(b) EFFECTIVE DATE.—The amendment made by this section shall apply to any action or proceeding in the United States Tax Court with respect to which a decision has not become final (as determined under section 7481 of the Internal Revenue Code of 1986) as of the date of the enactment of this Act.

SEC. 859. TAX COURT FILING FEE IN ALL CASES COMMENCED BY FILING PETITION.

(a) IN GENERAL.—Section 7451 of the Internal Revenue Code of 1986 (relating to fee for filing a Tax Court petition) is amended by striking all that follows ''petition'' and inserting a period.

(b) EFFECTIVE DATE.—The amendment made by this section shall take effect on the date of the enactment of this Act.

SEC. 860. EXPANDED USE OF TAX COURT PRACTICE FEE FOR PRO SE TAXPAYERS.

(a) IN GENERAL.—Section 7475(b) of the Internal Revenue Code of 1986 (relating to use of fees) is amended by inserting before the period at the end ''and to provide services to pro se taxpayers''.

(b) EFFECTIVE DATE.—The amendment made by this section shall take effect on the date of the enactment of this Act.

Subtitle F—Other Provisions

SEC. 861. EXTENSION TO ALL GOVERNMENTAL PLANS OF CURRENT MORATORIUM ON APPLICATION OF CERTAIN NONDISCRIMINATION RULES APPLICABLE TO STATE AND LOCAL PLANS.

(a) IN GENERAL.—

(1) Subparagraph (G) of section 401(a)(5) and subparagraph (G) of section 401(a)(26) of the Internal Revenue Code of 1986 are each amended by striking ''section 414(d))'' and all that follows and inserting ''section 414(d)).''.

(2) Subparagraph (G) of section 401(k)(3) of such Code and paragraph (2) of section 1505(d) of the Taxpayer Relief Act of 1997 (Public Law 105–34; 111 Stat. 1063) are each amended by striking ''maintained by a State or local government or political subdivision thereof (or agency or instrumentality thereof)''.

(b) CONFORMING AMENDMENTS.—

(1) The heading of subparagraph (G) of section 401(a)(5) of the Internal Revenue Code of 1986 is amended by striking ''STATE AND LOCAL GOVERNMENTAL'' and inserting ''GOVERNMENTAL''.

(2) The heading of subparagraph (G) of section 401(a)(26) of such Code is amended by striking ''EXCEPTION FOR STATE AND LOCAL'' and inserting ''EXCEPTION FOR''.

(3) Section 401(k)(3)(G) of such Code is amended by inserting ''GOVERNMENTAL PLAN.—'' after ''(G)''.

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

SEC. 862. ELIMINATION OF AGGREGATE LIMIT FOR USAGE OF EXCESS FUNDS FROM BLACK LUNG DISABILITY TRUSTS.

(a) IN GENERAL.—So much of section 501(c)(21)(C) of the Internal Revenue Code of 1986 (relating to black lung disability trusts) as precedes the last sentence is amended to read as follows:

''(C) Payments described in subparagraph (A)(i)(IV) may be made from such trust during a taxable year only to the extent that the aggregate amount of such payments during such taxable year does not exceed the excess (if any), as of the close of the preceding taxable year, of—

''(i) the fair market value of the assets of the trust, over

''(ii) 110 percent of the present value of the liability described in subparagraph (A)(i)(I) of such person.''.

(b) EFFECTIVE DATE.—The amendments made by this section shall apply to taxable years beginning after December 31, 2006.

SEC. 863. TREATMENT OF DEATH BENEFITS FROM CORPORATE-OWNED LIFE INSURANCE.

(a) IN GENERAL.—Section 101 of the Internal Revenue Code of 1986 (relating to certain death benefits) is amended by adding at the end the following new subsection:

''(j) TREATMENT OF CERTAIN EMPLOYER-OWNED LIFE INSURANCE CONTRACTS.—

''(1) GENERAL RULE.—In the case of an employer-owned life insurance contract, the amount excluded from gross income of an applicable policyholder by reason of paragraph (1) of subsection (a) shall not exceed an amount equal to the sum of the premiums and other amounts paid by the policyholder for the contract.

''(2) EXCEPTIONS.—In the case of an employer-owned life insurance contract with respect to which the notice and consent requirements of paragraph (4) are met, paragraph (1) shall not apply to any of the following:

''(A) EXCEPTIONS BASED ON INSURED'S STATUS.—Any amount received by reason of the death of an insured who, with respect to an applicable policyholder—

''(i) was an employee at any time during the 12-month period before the insured's death, or

''(ii) is, at the time the contract is issued—

''(I) a director,

''(II) a highly compensated employee within the meaning of section 414(q) (without regard to paragraph (1)(B)(ii) thereof), or

''(III) a highly compensated individual within the meaning of section 105(h)(5), except that '35 percent' shall be substituted for '25 percent' in subparagraph (C) thereof.

''(B) EXCEPTION FOR AMOUNTS PAID TO INSURED'S HEIRS.—Any amount received by reason of the death of an insured to the extent—

''(i) the amount is paid to a member of the family (within the meaning of section 267(c)(4)) of the insured, any individual who is the designated beneficiary of the insured under the contract (other than the applicable policyholder), a trust established for the benefit of any such member of the family or designated beneficiary, or the estate of the insured, or

''(ii) the amount is used to purchase an equity (or capital or profits) interest in the applicable policyholder from any person described in clause (i).

''(3) EMPLOYER-OWNED LIFE INSURANCE CONTRACT.—

''(A) IN GENERAL.—For purposes of this subsection, the term 'employer-owned life insurance contract' means a life insurance contract which—

''(i) is owned by a person engaged in a trade or business and under which such person (or a related person described in subparagraph (B)(ii)) is directly or indirectly a beneficiary under the contract, and

''(ii) covers the life of an insured who is an employee with respect to the trade or business of the applicable policyholder on the date the contract is issued.

For purposes of the preceding sentence, if coverage for each insured under a master contract is treated as a separate contract for purposes of sections 817(h), 7702, and 7702A, coverage for each such insured shall be treated as a separate contract.

''(B) APPLICABLE POLICYHOLDER.—For purposes of this subsection—

''(i) IN GENERAL.—The term 'applicable policyholder' means, with respect to any employer-owned life insurance contract, the person described in subparagraph (A)(i) which owns the contract.

''(ii) RELATED PERSONS.—The term 'applicable policyholder' includes any person which—

''(I) bears a relationship to the person described in clause (i) which is specified in section 267(b) or 707(b)(1), or

''(II) is engaged in trades or businesses with such person which are under common control (within the meaning of subsection (a) or (b) of section 52).

''(4) NOTICE AND CONSENT REQUIREMENTS.—The notice and consent requirements of this paragraph are met if, before the issuance of the contract, the employee—

''(A) is notified in writing that the applicable policyholder intends to insure the employee's life and the maximum face amount for which the employee could be insured at the time the contract was issued,

''(B) provides written consent to being insured under the contract and that such coverage may continue after the insured terminates employment, and

''(C) is informed in writing that an applicable policyholder will be a beneficiary of any proceeds payable upon the death of the employee.

''(5) DEFINITIONS.—For purposes of this subsection—

''(A) EMPLOYEE.—The term 'employee' includes an officer, director, and highly compensated employee (within the meaning of section 414(q)).

''(B) INSURED.—The term 'insured' means, with respect to an employer-owned life insurance contract, an individual covered by the contract who is a United States citizen or resident. In the case of a contract covering the joint lives of 2 individuals, references to an insured include both of the individuals.''.

(b) REPORTING REQUIREMENTS.—Subpart A of part III of subchapter A of chapter 61 of the Internal Revenue Code of 1986 (relating to information concerning persons subject to special provisions) is amended by inserting after section 6039H the following new section:

''SEC. 6039I. RETURNS AND RECORDS WITH RESPECT TO EMPLOYER-OWNED LIFE INSURANCE CONTRACTS.

''(a) IN GENERAL.—Every applicable policyholder owning 1 or more employer-owned life insurance contracts issued after the date of the enactment of this section shall file a return (at such time and in such manner as the Secretary shall by regulations prescribe) showing for each year such contracts are owned—

''(1) the number of employees of the applicable policyholder at the end of the year,

''(2) the number of such employees insured under such contracts at the end of the year,

''(3) the total amount of insurance in force at the end of the year under such contracts,

''(4) the name, address, and taxpayer identification number of the applicable policyholder and the type of business in which the policyholder is engaged, and

''(5) that the applicable policyholder has a valid consent for each insured employee (or, if all such consents are not obtained, the number of insured employees for whom such consent was not obtained).

''(b) RECORDKEEPING REQUIREMENT.—Each applicable policyholder owning 1 or more employer-owned life insurance contracts during any year shall keep such records as may be necessary for purposes of determining whether the requirements of this section and section 101(j) are met.

''(c) DEFINITIONS.—Any term used in this section which is used in section 101(j) shall have the same meaning given such term by section 101(j).''.

(c) CONFORMING AMENDMENTS.—

(1) Paragraph (1) of section 101(a) of the Internal Revenue Code of 1986 is amended by striking ''and subsection (f)'' and inserting ''subsection (f), and subsection (j)''.

(2) The table of sections for subpart A of part III of subchapter A of chapter 61 of such Code is amended by inserting after the item relating to section 6039H the following new item:

''Sec. 6039I. Returns and records with respect to employer-owned life insurance contracts.''.

(d) EFFECTIVE DATE.—The amendments made by this section shall apply to life insurance contracts issued after the date of the enactment of this Act, except for a contract issued after such date pursuant to an exchange described in section 1035 of the Internal Revenue Code of 1986 for a contract issued on or prior to that date. For purposes

of the preceding sentence, any material increase in the death benefit or other material change shall cause the contract to be treated as a new contract except that, in the case of a master contract (within the meaning of section 264(f)(4)(E) of such Code), the addition of covered lives shall be treated as a new contract only with respect to such additional covered lives.

SEC. 864. TREATMENT OF TEST ROOM SUPERVISORS AND PROCTORS WHO ASSIST IN THE ADMINISTRATION OF COLLEGE ENTRANCE AND PLACEMENT EXAMS.

(a) IN GENERAL.—Section 530 of the Revenue Reconciliation Act of 1978 is amended by adding at the end the following new subsection:

''(f) TREATMENT OF TEST ROOM SUPERVISORS AND PROCTORS WHO ASSIST IN THE ADMINISTRATION OF COLLEGE ENTRANCE AND PLACEMENT EXAMS.—

''(1) IN GENERAL.—In the case of an individual described in paragraph (2) who is providing services as a test proctor or room supervisor by assisting in the administration of college entrance or placement examinations, this section shall be applied to such services performed after December 31, 2006 (and remuneration paid for such services) without regard to subsection (a)(3) thereof.

''(2) APPLICABILITY.—An individual is described in this paragraph if the individual—

''(A) is providing the services described in subsection (a) to an organization described in section 501(c), and exempt from tax under section 501(a), of the Internal Revenue Code of 1986, and

''(B) is not otherwise treated as an employee of such organization for purposes of subtitle C of such Code (relating to employment taxes).''.

(b) EFFECTIVE DATE.—The amendment made by this section shall apply to remuneration for services performed after December 31, 2006.

SEC. 865. GRANDFATHER RULE FOR CHURCH PLANS WHICH SELF-ANNUITIZE.

(a) IN GENERAL.—In the case of any plan year ending after the date of the enactment of this Act, annuity payments provided with respect to any account maintained for a participant or beneficiary under a qualified church plan shall not fail to satisfy the requirements of section 401(a)(9) of the Internal Revenue Code of 1986 merely because the payments are not made under an annuity contract purchased from an insurance company if such payments would not fail such requirements if provided with respect to a retirement income account described in section 403(b)(9) of such Code.

(b) QUALIFIED CHURCH PLAN.—For purposes of this section, the term ''qualified church plan'' means any money purchase pension plan described in section 401(a) of such Code which—

(1) is a church plan (as defined in section 414(e) of such Code) with respect to which the election provided by section 410(d) of such Code has not been made, and

(2) was in existence on April 17, 2002.

SEC. 866. EXEMPTION FOR INCOME FROM LEVERAGED REAL ESTATE HELD BY CHURCH PLANS.

(a) IN GENERAL.—Section 514(c)(9)(C) of the Internal Revenue Code of 1986 is amended by striking ''or'' after clause (ii), by striking the period at the end of clause (iii) and inserting ''; or'', and by inserting after clause (iii) the following:

''(iv) a retirement income account described in section 403(b)(9).''.

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

SEC. 867. CHURCH PLAN RULE.

(a) IN GENERAL.—Paragraph (11) of section 415(b) of the Internal Revenue Code of 1986 is amended by adding at the end the following: ''Subparagraph (B) of paragraph (1) shall not apply to a plan maintained by an organization described in section 3121(w)(3)(A) except with respect to highly compensated benefits. For purposes of this paragraph, the term 'highly compensated benefits' means any benefits accrued for an employee in any year on or after the first year in which such employee is a highly compensated employee (as defined in section 414(q)) of the organization described in section 3121(w)(3)(A). For purposes of applying paragraph (1)(B) to highly compensated benefits, all benefits of the employee otherwise taken into account (without regard to this paragraph) shall be taken into account.''.

(b) EFFECTIVE DATE.—The amendment made by this section shall apply to years beginning after December 31, 2006.

SEC. 868. GRATUITOUS TRANSFER FOR BENEFITS OF EMPLOYEES.

(a) IN GENERAL.—Subparagraph (E) of section 664(g)(3) of the Internal Revenue Code of 1986 is amended by inserting ''(determined on the basis of fair market value of securities when allocated to participants)'' after ''paragraph (7)''.

(b) EFFECTIVE DATE.—The amendment made by this section shall take effect on the date of the enactment of this Act.

TITLE IX—INCREASE IN PENSION PLAN DIVERSIFICATION AND PARTICIPATION AND OTHER PENSION PROVISIONS

SEC. 901. DEFINED CONTRIBUTION PLANS REQUIRED TO PROVIDE EMPLOYEES WITH FREEDOM TO INVEST THEIR PLAN ASSETS.

(a) AMENDMENTS OF INTERNAL REVENUE CODE.—

(1) QUALIFICATION REQUIREMENT.—Section 401(a) of the Internal Revenue Code of 1986 (relating to qualified pension, profit-sharing, and stock bonus plans) is amended by inserting after paragraph (34) the following new paragraph:

''(35) DIVERSIFICATION REQUIREMENTS FOR CERTAIN DEFINED CONTRIBUTION PLANS.—

''(A) IN GENERAL.—A trust which is part of an applicable defined contribution plan shall not be treated as a qualified trust unless the plan meets the diversification requirements of subparagraphs (B), (C), and (D).

''(B) EMPLOYEE CONTRIBUTIONS AND ELECTIVE DEFERRALS INVESTED IN EMPLOYER SECURITIES.—In the case of the portion of an applicable individual's account attributable to employee contributions and elective deferrals which is invested in employer securities, a plan meets the requirements of this subparagraph if the applicable individual may elect to direct the plan to divest any such securities and to reinvest an equivalent amount in other investment options meeting the requirements of subparagraph (D).

''(C) EMPLOYER CONTRIBUTIONS INVESTED IN EMPLOYER SECURITIES.—In the case of the portion of the account attributable to employer contributions other than elective deferrals which is invested in employer securities, a plan meets the requirements of this subparagraph if each applicable individual who—

''(i) is a participant who has completed at least 3 years of service, or

''(ii) is a beneficiary of a participant described in clause (i) or of a deceased participant,

may elect to direct the plan to divest any such securities and to reinvest an equivalent amount in other investment options meeting the requirements of subparagraph (D).

''(D) INVESTMENT OPTIONS.—

''(i) IN GENERAL.—The requirements of this subparagraph are met if the plan offers not less than 3 investment options, other than employer securities, to which an applicable individual may direct the proceeds from the divestment of employer securities pursuant to this paragraph, each of which is diversified and has materially different risk and return characteristics.

''(ii) TREATMENT OF CERTAIN RESTRICTIONS AND CONDITIONS.—

''(I) TIME FOR MAKING INVESTMENT CHOICES.—A plan shall not be treated as failing to meet the requirements of this subparagraph merely because the plan limits the time for divestment and reinvestment to periodic, reasonable opportunities occurring no less frequently than quarterly.

''(II) CERTAIN RESTRICTIONS AND CONDITIONS NOT ALLOWED.—Except as provided in regulations, a plan shall not meet the requirements of this subparagraph if the plan imposes restrictions or conditions with respect to the investment of employer securities which are not imposed on the investment of other assets of the plan. This subclause shall not apply to any restrictions or conditions imposed by reason of the application of securities laws.

''(E) APPLICABLE DEFINED CONTRIBUTION PLAN.—For purposes of this paragraph—

''(i) IN GENERAL.—The term 'applicable defined contribution plan' means any defined contribution plan which holds any publicly traded employer securities.

''(ii) EXCEPTION FOR CERTAIN ESOPS.—Such term does not include an employee stock ownership plan if—

''(I) there are no contributions to such plan (or earnings thereunder) which are held within such plan and are subject to subsection (k) or (m), and

''(II) such plan is a separate plan for purposes of section 414(l) with respect to any other defined benefit plan or defined contribution plan maintained by the same employer or employers.

''(iii) EXCEPTION FOR ONE PARTICIPANT PLANS.—Such term does not include a one-participant retirement plan.

''(iv) ONE-PARTICIPANT RETIREMENT PLAN.—For purposes of clause (iii), the term 'one-participant retirement plan' means a retirement plan that—

''(I) on the first day of the plan year covered only one individual (or the individual and the individual's spouse) and the individual owned 100 percent of the plan sponsor (whether or not incorporated), or covered only one or more partners (or partners and their spouses) in the plan sponsor,

''(II) meets the minimum coverage requirements of section 410(b) without being combined with any other plan of the business that covers the employees of the business,

''(III) does not provide benefits to anyone except the individual (and the individual's spouse) or the partners (and their spouses),

''(IV) does not cover a business that is a member of an affiliated service group, a controlled group of corporations, or a group of businesses under common control, and

''(V) does not cover a business that uses the services of leased employees (within the meaning of section 414(n)).

For purposes of this clause, the term 'partner' includes a 2-percent shareholder (as defined in section 1372(b)) of an S corporation.

''(F) CERTAIN PLANS TREATED AS HOLDING PUBLICLY TRADED EMPLOYER SECURITIES.—

''(i) IN GENERAL.—Except as provided in regulations or in clause (ii), a plan holding employer securities which are not publicly traded employer securities shall be treated as holding publicly traded employer securities if any employer corporation, or any member of a controlled group of corporations which includes such employer corporation, has issued a class of stock which is a publicly traded employer security.

''(ii) EXCEPTION FOR CERTAIN CONTROLLED GROUPS WITH PUBLICLY TRADED SECURITIES.—Clause (i) shall not apply to a plan if—

''(I) no employer corporation, or parent corporation of an employer corporation, has issued any publicly traded employer security, and

''(II) no employer corporation, or parent corporation of an employer corporation, has issued any special class of stock which grants particular rights to, or bears particular risks for, the holder or issuer with respect to any corporation described in clause (i) which has issued any publicly traded employer security.

''(iii) DEFINITIONS.—For purposes of this subparagraph, the term—

''(I) 'controlled group of corporations' has the meaning given such term by section 1563(a), except that '50 percent' shall be substituted for '80 percent' each place it appears,

''(II) 'employer corporation' means a corporation which is an employer maintaining the plan, and

''(III) 'parent corporation' has the meaning given such term by section 424(e).

''(G) OTHER DEFINITIONS.—For purposes of this paragraph—

''(i) APPLICABLE INDIVIDUAL.—The term 'applicable individual' means—

''(I) any participant in the plan, and

''(II) any beneficiary who has an account under the plan with respect to which the beneficiary is entitled to exercise the rights of a participant.

''(ii) ELECTIVE DEFERRAL.—The term 'elective deferral' means an employer contribution described in section 402(g)(3)(A).

''(iii) EMPLOYER SECURITY.—The term 'employer security' has the meaning given such term by section 407(d)(1) of the Employee Retirement Income Security Act of 1974.

''(iv) EMPLOYEE STOCK OWNERSHIP PLAN.—The term 'employee stock ownership plan' has the meaning given such term by section 4975(e)(7).

''(v) PUBLICLY TRADED EMPLOYER SECURITIES.—The term 'publicly traded employer securities' means employer securities which are readily tradable on an established securities market.

''(vi) YEAR OF SERVICE.—The term 'year of service' has the meaning given such term by section 411(a)(5).

''(H) TRANSITION RULE FOR SECURITIES ATTRIBUTABLE TO EMPLOYER CONTRIBUTIONS.—

''(i) RULES PHASED IN OVER 3 YEARS.—

''(I) IN GENERAL.—In the case of the portion of an account to which subparagraph (C) applies and which consists of employer securities acquired in a plan year beginning before January 1, 2007, subparagraph (C) shall only apply to the applicable percentage of such securities. This subparagraph shall be applied separately with respect to each class of securities.

''(II) EXCEPTION FOR CERTAIN PARTICIPANTS AGED 55 OR OVER.—Subclause (I) shall not apply to an applicable individual who is a participant who has attained age 55 and completed at least 3 years of service before the first plan year beginning after December 31, 2005.

''(ii) APPLICABLE PERCENTAGE.—For purposes of clause (i), the applicable percentage shall be determined as follows:

''Plan year to which subparagraph (C) applies:	**The applicable percentage is:**
1st	33
2d	66
3d and following	100.''.

(2) CONFORMING AMENDMENTS.—

(A) Section 401(a)(28)(B) of such Code (relating to additional requirements relating to employee stock ownership plans) is amended by adding at the end the following new clause:

''(v) EXCEPTION.—This subparagraph shall not apply to an applicable defined contribution plan (as defined in paragraph (35)(E)).''

(B) Section 409(h)(7) of such Code is amended by inserting ''or subparagraph (B) or (C) of section 401(a)(35)'' before the period at the end.

(C) Section 4980(c)(3)(A) of such Code is amended by striking ''if—'' and all that follows and inserting ''if the requirements of subparagraphs (B), (C), and (D) are met.''

(b) AMENDMENTS OF ERISA.—

(1) IN GENERAL.—Section 204 of the Employee Retirement Income Security Act of 1974 (29 U.S.C. 1054) is amended by redesignating subsection (j) as subsection (k) and by inserting after subsection (i) the following new subsection:

''(j) DIVERSIFICATION REQUIREMENTS FOR CERTAIN INDIVIDUAL ACCOUNT PLANS.—

''(1) IN GENERAL.—An applicable individual account plan shall meet the diversification requirements of paragraphs (2), (3), and (4).

''(2) EMPLOYEE CONTRIBUTIONS AND ELECTIVE DEFERRALS INVESTED IN EMPLOYER SECURITIES.—In the case of the portion of an applicable individual's account attributable to employee contributions and elective deferrals which is invested in employer securities, a plan meets the requirements of this paragraph if the applicable individual may elect to direct the plan to divest any such securities and to reinvest an equivalent amount in other investment options meeting the requirements of paragraph (4).

''(3) EMPLOYER CONTRIBUTIONS INVESTED IN EMPLOYER SECURITIES.—In the case of the portion of the account attributable to employer contributions other than elective deferrals which is invested in employer securities, a plan meets the requirements of this paragraph if each applicable individual who—

''(A) is a participant who has completed at least 3 years of service, or

''(B) is a beneficiary of a participant described in subparagraph (A) or of a deceased participant,

may elect to direct the plan to divest any such securities and to reinvest an equivalent amount in other investment options meeting the requirements of paragraph (4).

''(4) INVESTMENT OPTIONS.—

''(A) IN GENERAL.—The requirements of this paragraph are met if the plan offers not less than 3 investment options, other than employer securities, to which an applicable individual may direct the proceeds from the divestment of employer securities pursuant to this subsection, each of which is diversified and has materially different risk and return characteristics.

''(B) TREATMENT OF CERTAIN RESTRICTIONS AND CONDITIONS.—

''(i) TIME FOR MAKING INVESTMENT CHOICES.—A plan shall not be treated as failing to meet the requirements of this paragraph merely because the plan limits the time for divestment and reinvestment to periodic, reasonable opportunities occurring no less frequently than quarterly.

''(ii) CERTAIN RESTRICTIONS AND CONDITIONS NOT ALLOWED.—Except as provided in regulations, a plan shall not meet the requirements of this paragraph if the plan imposes restrictions or conditions with respect to the investment of employer securities which are not imposed on the investment of other assets of the plan. This subparagraph shall not apply to any restrictions or conditions imposed by reason of the application of securities laws.

''(5) APPLICABLE INDIVIDUAL ACCOUNT PLAN.—For purposes of this subsection—

''(A) IN GENERAL.—The term 'applicable individual account plan' means any individual account plan (as defined in section 3(34)) which holds any publicly traded employer securities.

''(B) EXCEPTION FOR CERTAIN ESOPS.—Such term does not include an employee stock ownership plan if—

''(i) there are no contributions to such plan (or earnings thereunder) which are held within such plan and are subject to subsection (k) or (m) of section 401 of the Internal Revenue Code of 1986, and

''(ii) such plan is a separate plan (for purposes of section 414(l) of such Code) with respect to any other defined benefit plan or individual account plan maintained by the same employer or employers.

''(C) EXCEPTION FOR ONE PARTICIPANT PLANS.—Such term shall not include a one-participant retirement plan (as defined in section 101(i)(8)(B)).

''(D) CERTAIN PLANS TREATED AS HOLDING PUBLICLY TRADED EMPLOYER SECURITIES.—

''(i) IN GENERAL.—Except as provided in regulations or in clause (ii), a plan holding employer securities which are not publicly traded employer securities shall be treated as holding publicly traded employer securities if any employer corporation, or any member of a controlled group of corporations which includes such employer corporation, has issued a class of stock which is a publicly traded employer security.

''(ii) EXCEPTION FOR CERTAIN CONTROLLED GROUPS WITH PUBLICLY TRADED SECURITIES.—Clause (i) shall not apply to a plan if—

''(I) no employer corporation, or parent corporation of an employer corporation, has issued any publicly traded employer security, and

''(II) no employer corporation, or parent corporation of an employer corporation, has issued any special class of stock which grants particular rights to, or bears particular risks for, the holder or issuer with respect to any corporation described in clause (i) which has issued any publicly traded employer security.

''(iii) DEFINITIONS.—For purposes of this subparagraph, the term—

''(I) 'controlled group of corporations' has the meaning given such term by section 1563(a) of the Internal Revenue Code of 1986, except that '50 percent' shall be substituted for '80 percent' each place it appears,

''(II) 'employer corporation' means a corporation which is an employer maintaining the plan, and

''(III) 'parent corporation' has the meaning given such term by section 424(e) of such Code.

''(6) OTHER DEFINITIONS.—For purposes of this paragraph—

''(A) APPLICABLE INDIVIDUAL.—The term 'applicable individual' means—

''(i) any participant in the plan, and

''(ii) any beneficiary who has an account under the plan with respect to which the beneficiary is entitled to exercise the rights of a participant.

''(B) ELECTIVE DEFERRAL.—The term 'elective deferral' means an employer contribution described in section 402(g)(3)(A) of the Internal Revenue Code of 1986.

''(C) EMPLOYER SECURITY.—The term 'employer security' has the meaning given such term by section 407(d)(1).

''(D) EMPLOYEE STOCK OWNERSHIP PLAN.—The term 'employee stock ownership plan' has the meaning given such term by section 4975(e)(7) of such Code.

''(E) PUBLICLY TRADED EMPLOYER SECURITIES.—The term 'publicly traded employer securities' means employer securities which are readily tradable on an established securities market.

''(F) YEAR OF SERVICE.—The term 'year of service' has the meaning given such term by section 203(b)(2).

''(7) TRANSITION RULE FOR SECURITIES ATTRIBUTABLE TO EMPLOYER CONTRIBUTIONS.—

''(A) RULES PHASED IN OVER 3 YEARS.—

''(i) IN GENERAL.—In the case of the portion of an account to which paragraph (3) applies and which consists of employer securities acquired in a plan year beginning before January 1, 2007, paragraph (3) shall only apply to the applicable percentage of such securities. This subparagraph shall be applied separately with respect to each class of securities.

''(ii) EXCEPTION FOR CERTAIN PARTICIPANTS AGED 55 OR OVER.—Clause (i) shall not apply to an applicable individual who is a participant who has attained age 55 and completed at least 3 years of service before the first plan year beginning after December 31, 2005.

''(B) APPLICABLE PERCENTAGE.—For purposes of subparagraph (A), the applicable percentage shall be determined as follows:

''Plan year to which paragraph (3) applies:	**The applicable percentage is:**
1st	33
2d	66
3d	100.''.

(2) CONFORMING AMENDMENT.—Section 407(b)(3) of such Act (29 U.S.C. 1107(b)(3)) is amended by adding at the end the following:

''(D) For diversification requirements for qualifying employer securities held in certain individual account plans, see section 204(j).''.

(c) EFFECTIVE DATES.—

(1) IN GENERAL.—Except as provided in paragraphs (2) and (3), the amendments made by this section shall apply to plan years beginning after December 31, 2006.

(2) SPECIAL RULE FOR COLLECTIVELY BARGAINED AGREEMENTS.—In the case of a plan maintained pursuant to 1 or more collective bargaining agreements between employee representatives and 1 or more employers ratified on or before the date of the enactment of this Act, paragraph (1) shall be applied to benefits pursuant to, and individuals covered by, any such agreement by substituting for ''December 31, 2006'' the earlier of—

(A) the later of—

(i) December 31, 2007, or

(ii) the date on which the last of such collective bargaining agreements terminates (determined without regard to any extension thereof after such date of enactment), or

(B) December 31, 2008.

(3) SPECIAL RULE FOR CERTAIN EMPLOYER SECURITIES HELD IN AN ESOP.—

(A) IN GENERAL.—In the case of employer securities to which this paragraph applies, the amendments made by this section shall apply to plan years beginning after the earlier of—

(i) December 31, 2007, or

(ii) the first date on which the fair market value of such securities exceeds the guaranteed minimum value described in subparagraph (B)(ii).

(B) APPLICABLE SECURITIES.—This paragraph shall apply to employer securities which are attributable to employer contributions other than elective deferrals, and which, on September 17, 2003—

(i) consist of preferred stock, and

(ii) are within an employee stock ownership plan (as defined in section 4975(e)(7) of the Internal Revenue Code of 1986), the terms of which provide that the value of the securities cannot be less than the guaranteed minimum value specified by the plan on such date.

(C) COORDINATION WITH TRANSITION RULE.—In applying section 401(a)(35)(H) of the Internal Revenue Code of 1986 and section 204(j)(7) of the Employee Retirement Income Security Act of 1974 (as added by this section) to employer securities to which this paragraph applies, the applicable percentage shall be determined without regard to this paragraph.

SEC. 902. INCREASING PARTICIPATION THROUGH AUTOMATIC CONTRIBUTION ARRANGEMENTS.

(a) IN GENERAL.—Section 401(k) of the Internal Revenue Code of 1986 (relating to cash or deferred arrangement) is amended by adding at the end the following new paragraph:

''(13) ALTERNATIVE METHOD FOR AUTOMATIC CONTRIBUTION ARRANGEMENTS TO MEET NONDISCRIMINATION REQUIREMENTS.—

''(A) IN GENERAL.—A qualified automatic contribution arrangement shall be treated as meeting the requirements of paragraph (3)(A)(ii).

''(B) QUALIFIED AUTOMATIC CONTRIBUTION ARRANGEMENT.—For purposes of this paragraph, the term 'qualified automatic contribution arrangement' means any cash or deferred arrangement which meets the requirements of subparagraphs (C) through (E).

''(C) AUTOMATIC DEFERRAL.—

''(i) IN GENERAL.—The requirements of this subparagraph are met if, under the arrangement, each employee eligible to participate in the arrangement is treated as having elected to have the employer make elective contributions in an amount equal to a qualified percentage of compensation.

''(ii) ELECTION OUT.—The election treated as having been made under clause (i) shall cease to apply with respect to any employee if such employee makes an affirmative election—

''(I) to not have such contributions made, or

''(II) to make elective contributions at a level specified in such affirmative election.

''(iii) QUALIFIED PERCENTAGE.—For purposes of this subparagraph, the term 'qualified percentage' means, with respect to any employee, any percentage determined under the arrangement if such percentage is applied uniformly, does not exceed 10 percent, and is at least—

''(I) 3 percent during the period ending on the last day of the first plan year which begins after the date on which the first elective contribution described in clause (i) is made with respect to such employee,

''(II) 4 percent during the first plan year following the plan year described in subclause (I),

''(III) 5 percent during the second plan year following the plan year described in subclause (I), and

''(IV) 6 percent during any subsequent plan year.

''(iv) AUTOMATIC DEFERRAL FOR CURRENT EMPLOYEES NOT REQUIRED.—Clause (i) may be applied without taking into account any employee who—

''(I) was eligible to participate in the arrangement (or a predecessor arrangement) immediately before the date on which such arrangement becomes a qualified automatic contribution arrangement (determined after application of this clause), and

''(II) had an election in effect on such date either to participate in the arrangement or to not participate in the arrangement.

''(D) MATCHING OR NONELECTIVE CONTRIBUTIONS.—

''(i) IN GENERAL.—The requirements of this subparagraph are met if, under the arrangement, the employer—

''(I) makes matching contributions on behalf of each employee who is not a highly compensated employee in an amount equal to the sum of 100 percent of the elective contributions of the employee to the extent that such contributions do not exceed 1 percent of compensation plus 50 percent of so much of such compensation as exceeds 1 percent but does not exceed 6 percent of compensation, or

''(II) is required, without regard to whether the employee makes an elective contribution or employee contribution, to make a contribution to a defined contribution plan on behalf of each employee who is not a highly compensated employee and who is eligible to participate in the arrangement in an amount equal to at least 3 percent of the employee's compensation.

''(ii) APPLICATION OF RULES FOR MATCHING CONTRIBUTIONS.—The rules of clauses (ii) and (iii) of paragraph (12)(B) shall apply for purposes of clause (i)(I).

''(iii) WITHDRAWAL AND VESTING RESTRICTIONS.—An arrangement shall not be treated as meeting the requirements of clause (i) unless, with respect to employer contributions (including matching contributions) taken into account in determining whether the requirements of clause (i) are met—

''(I) any employee who has completed at least 2 years of service (within the meaning of section 411(a)) has a nonforfeitable right to 100 percent of the employee's accrued benefit derived from such employer contributions, and

''(II) the requirements of subparagraph (B) of paragraph (2) are met with respect to all such employer contributions.

''(iv) APPLICATION OF CERTAIN OTHER RULES.—The rules of subparagraphs (E)(ii) and (F) of paragraph (12) shall apply for purposes of subclauses (I) and (II) of clause (i).

''(E) NOTICE REQUIREMENTS.—

''(i) IN GENERAL.—The requirements of this subparagraph are met if, within a reasonable period before each plan year, each employee eligible to participate in the arrangement for such year receives written notice of the employee's rights and obligations under the arrangement which—

''(I) is sufficiently accurate and comprehensive to apprise the employee of such rights and obligations, and

''(II) is written in a manner calculated to be understood by the average employee to whom the arrangement applies.

''(ii) TIMING AND CONTENT REQUIREMENTS.—A notice shall not be treated as meeting the requirements of clause (i) with respect to an employee unless—

''(I) the notice explains the employee's right under the arrangement to elect not to have elective contributions made on the employee's behalf (or to elect to have such contributions made at a different percentage),

''(II) in the case of an arrangement under which the employee may elect among 2 or more investment options, the notice explains how contributions made under the arrangement will be invested in the absence of any investment election by the employee, and

''(III) the employee has a reasonable period of time after receipt of the notice described in subclauses (I) and (II) and before the first elective contribution is made to make either such election.''.

(b) MATCHING CONTRIBUTIONS.—Section 401(m) of such Code (relating to nondiscrimination test for matching contributions and employee contributions) is amended by redesignating paragraph (12) as paragraph (13) and by inserting after paragraph (11) the following new paragraph:

''(12) ALTERNATIVE METHOD FOR AUTOMATIC CONTRIBUTION ARRANGEMENTS.—A defined contribution plan shall be treated as meeting the requirements of paragraph (2) with respect to matching contributions if the plan—

''(A) is a qualified automatic contribution arrangement (as defined in subsection (k)(13)), and

''(B) meets the requirements of paragraph (11)(B).''

(c) EXCLUSION FROM DEFINITION OF TOP-HEAVY PLANS.—

(1) ELECTIVE CONTRIBUTION RULE.—Clause (i) of section 416(g)(4)(H) of such Code is

amended by inserting ''or 401(k)(13)'' after ''section 401(k)(12)''.

(2) MATCHING CONTRIBUTION RULE.—Clause (ii) of section 416(g)(4)(H) of such Code is amended by inserting ''or 401(m)(12)'' after ''section 401(m)(11)''.

(d) TREATMENT OF WITHDRAWALS OF CONTRIBUTIONS DURING FIRST 90 DAYS.—

(1) IN GENERAL.—Section 414 of the Internal Revenue Code of 1986 is amended by adding at the end the following new subsection:

''(w) SPECIAL RULES FOR CERTAIN WITHDRAWALS FROM ELIGIBLE AUTOMATIC CONTRIBUTION ARRANGEMENTS.—

''(1) IN GENERAL.—If an eligible automatic contribution arrangement allows an employee to elect to make permissible withdrawals—

''(A) the amount of any such withdrawal shall be includible in the gross income of the employee for the taxable year of the employee in which the distribution is made,

''(B) no tax shall be imposed under section 72(t) with respect to the distribution, and

''(C) the arrangement shall not be treated as violating any restriction on distributions under this title solely by reason of allowing the withdrawal.

In the case of any distribution to an employee by reason of an election under this paragraph, employer matching contributions shall be forfeited or subject to such other treatment as the Secretary may prescribe.

''(2) PERMISSIBLE WITHDRAWAL.—For purposes of this subsection—

''(A) IN GENERAL.—The term 'permissible withdrawal' means any withdrawal from an eligible automatic contribution arrangement meeting the requirements of this paragraph which—

''(i) is made pursuant to an election by an employee, and

''(ii) consists of elective contributions described in paragraph (3)(B) (and earnings attributable thereto).

''(B) TIME FOR MAKING ELECTION.—Subparagraph (A) shall not apply to an election by an employee unless the election is made no later than the date which is 90 days after the date of the first elective contribution with respect to the employee under the arrangement.

''(C) AMOUNT OF DISTRIBUTION.—Subparagraph (A) shall not apply to any election by an employee unless the amount of any distribution by reason of the election is equal to the amount of elective contributions made with respect to the first payroll period to which the eligible automatic contribution arrangement applies to the employee and any succeeding payroll period beginning before the effective date of the election (and earnings attributable thereto).

''(3) ELIGIBLE AUTOMATIC CONTRIBUTION ARRANGEMENT.—For purposes of this subsection, the term 'eligible automatic contribution arrangement' means an arrangement under an applicable employer plan—

''(A) under which a participant may elect to have the employer make payments as contributions under the plan on behalf of the participant, or to the participant directly in cash,

''(B) under which the participant is treated as having elected to have the employer make such contributions in an amount equal to a uniform percentage of compensation provided under the plan until the participant specifically elects not to have such contributions made (or specifically elects to have such contributions made at a different percentage),

''(C) under which, in the absence of an investment election by the participant, contributions described in subparagraph (B) are invested in accordance with regulations prescribed by the Secretary of Labor under section 404(c)(5) of the Employee Retirement Income Security Act of 1974, and

''(D) which meets the requirements of paragraph (4).

''(4) NOTICE REQUIREMENTS.—

''(A) IN GENERAL.—The administrator of a plan containing an arrangement described in paragraph (3) shall, within a reasonable period before each plan year, give to each employee to whom an arrangement described in paragraph (3) applies for such plan year notice of the employee's rights and obligations under the arrangement which—

''(i) is sufficiently accurate and comprehensive to apprise the employee of such rights and obligations, and

''(ii) is written in a manner calculated to be understood by the average employee to whom the arrangement applies.

''(B) TIME AND FORM OF NOTICE.—A notice shall not be treated as meeting the requirements of subparagraph (A) with respect to an employee unless—

''(i) the notice includes an explanation of the employee's right under the arrangement to elect not to have elective contributions made on the employee's behalf (or to elect to have such contributions made at a different percentage),

''(ii) the employee has a reasonable period of time after receipt of the notice described in clause (i) and before the first elective contribution is made to make such election, and

''(iii) the notice explains how contributions made under the arrangement will be invested in the absence of any investment election by the employee.

''(5) APPLICABLE EMPLOYER PLAN.—For purposes of this subsection, the term 'applicable employer plan' means—

''(A) an employees' trust described in section 401(a) which is exempt from tax under section 501(a),

''(B) a plan under which amounts are contributed by an individual's employer for an annuity contract described in section 403(b), and

''(C) an eligible deferred compensation plan described in section 457(b) which is maintained by an eligible employer described in section 457(e)(1)(A).

''(6) SPECIAL RULE.—A withdrawal described in paragraph (1) (subject to the limitation of paragraph (2)(C)) shall not be taken into account for purposes of section 401(k)(3).''.

(2) VESTING CONFORMING AMENDMENTS.—

(A) Section 411(a)(3)(G) of such Code is amended by inserting ''an erroneous automatic contribution under section 414(w),'' after ''402(g)(2)(A),''.

(B) The heading of section 411(a)(3)(G) of such Code is amended by inserting ''**OR ERRONEOUS AUTOMATIC CONTRIBUTION**'' before the period.

(C) Section 401(k)(8)(E) of such Code is amended by inserting ''an erroneous automatic contribution under section 414(w),'' after ''402(g)(2)(A),''.

(D) The heading of section 401(k)(8)(E) of such Code is amended by inserting ''**OR ERRONEOUS AUTOMATIC CONTRIBUTION**'' before the period.

(E) Section 203(a)(3)(F) of the Employee Retirement Income Security Act of 1974 (29 U.S.C. 1053(a)(3)(F)) is amended by inserting ''an erroneous automatic contribution under section 414(w) of such Code,'' after ''402(g)(2)(A) of such Code,''.

(e) EXCESS CONTRIBUTIONS.—

(1) EXPANSION OF CORRECTIVE DISTRIBUTION PERIOD FOR AUTOMATIC CONTRIBUTION ARRANGEMENTS.—Subsection (f) of section 4979 of the Internal Revenue Code of 1986 is amended—

(A) by inserting ''(6 months in the case of an excess contribution or excess aggregate contribution to an eligible automatic contribution arrangement (as defined in section 414(w)(3)))'' after ''2½ months'' in paragraph (1), and

(B) by striking ''2½ MONTHS OF'' in the heading and inserting ''SPECIFIED PERIOD AFTER''.

(2) YEAR OF INCLUSION.—Paragraph (2) of section 4979(f) of such Code is amended to read as follows:

''(2) YEAR OF INCLUSION.—Any amount distributed as provided in paragraph (1) shall be treated as earned and received by the recipient in the recipient's taxable year in which such distributions were made.''.

(3) SIMPLIFICATION OF ALLOCABLE EARNINGS.—

(A) SECTION 4979.—Paragraph (1) of section 4979(f) of such Code is amended by adding ''through the end of the plan year for which the contribution was made'' after ''thereto''.

(B) SECTION 401(k) AND 401(M).—

(i) Clause (i) of section 401(k)(8)(A) of such Code is amended by adding ''through the end of such year'' after ''such contributions''.

(ii) Subparagraph (A) of section 401(m)(6) of such Code is amended by adding ''through the end of such year'' after ''to such contributions''.

(f) PREEMPTION OF CONFLICTING STATE REGULATION.—

(1) IN GENERAL.—Section 514 of the Employee Retirement Income Security Act of 1974 (29 U.S.C. 1144) is amended by adding at the end the following new subsection:

''(e)(1) Notwithstanding any other provision of this section, this title shall supersede any law of a State which would directly or indirectly prohibit or restrict the inclusion in any plan of an automatic contribution arrangement. The Secretary may prescribe regulations which would establish minimum standards that such an arrangement would be required to satisfy in order for this subsection to apply in the case of such arrangement.

''(2) For purposes of this subsection, the term 'automatic contribution arrangement' means an arrangement——

''(A) under which a participant may elect to have the plan sponsor make payments as contributions under the plan on behalf of the participant, or to the participant directly in cash,

''(B) under which a participant is treated as having elected to have the plan sponsor make such contributions in an amount equal to a uniform percentage of compensation provided under the plan until the participant specifically elects not to have such contributions made (or specifically elects to have such contributions made at a different percentage), and

''(C) under which such contributions are invested in accordance with regulations prescribed by the Secretary under section 404(c)(5).

''(3)(A) The plan administrator of an automatic contribution arrangement shall, within a reasonable period before such plan year, provide to each participant to whom the arrangement applies for such plan year notice of the participant's rights and obligations under the arrangement which—

''(i) is sufficiently accurate and comprehensive to apprise the participant of such rights and obligations, and

''(ii) is written in a manner calculated to be understood by the average participant to whom the arrangement applies.

''(B) A notice shall not be treated as meeting the requirements of subparagraph (A) with respect to a participant unless—

''(i) the notice includes an explanation of the participant's right under the arrangement not to have elective contributions made on the participant's behalf (or to elect to have such contributions made at a different percentage),

''(ii) the participant has a reasonable period of time, after receipt of the notice described in clause (i) and before the first elective contribution is made, to make such election, and

''(iii) the notice explains how contributions made under the arrangement will be invested in the absence of any investment election by the participant.''.

(2) ENFORCEMENT.—Section 502(c)(4) of such Act (29 U.S.C. 1132(c)(4)) is amended by striking ''or section 302(b)(7)(F)(vi)'' inserting '', section 302(b)(7)(F)(vi), or section 514(e)(3)''.

(g) EFFECTIVE DATE.—The amendments made by this section shall apply to plan years beginning after December 31, 2007, except that the amendments made by subsection (f) shall take effect on the date of the enactment of this Act.

SEC. 903. TREATMENT OF ELIGIBLE COMBINED DEFINED BENEFIT PLANS AND QUALIFIED CASH OR DEFERRED ARRANGEMENTS.

(a) AMENDMENTS OF INTERNAL REVENUE CODE.—Section 414 of the Internal Revenue Code of 1986, as amended by this Act, is amended by adding at the end the following new subsection:

''(x) SPECIAL RULES FOR ELIGIBLE COMBINED DEFINED BENEFIT PLANS AND QUALIFIED CASH OR DEFERRED ARRANGEMENTS.—

''(1) GENERAL RULE.—Except as provided in this subsection, the requirements of this title shall be applied to any defined benefit plan or applicable defined contribution plan which are part of an eligible combined plan in the same manner as if each such plan were not a part of the eligible combined plan.

''(2) ELIGIBLE COMBINED PLAN.—For purposes of this subsection—

''(A) IN GENERAL.—The term 'eligible combined plan' means a plan—

''(i) which is maintained by an employer which, at the time the plan is established, is a small employer,

''(ii) which consists of a defined benefit plan and an applicable defined contribution plan,

''(iii) the assets of which are held in a single trust forming part of the plan and are clearly identified and allocated to the defined benefit plan and the applicable defined contribution plan to the extent necessary for the separate application of this title under paragraph (1), and

''(iv) with respect to which the benefit, contribution, vesting, and nondiscrimination requirements of subparagraphs (B), (C), (D), (E), and (F) are met.

For purposes of this subparagraph, the term 'small employer' has the meaning given such term by section 4980D(d)(2), except that such section shall be applied by substituting '500' for '50' each place it appears.

''(B) BENEFIT REQUIREMENTS.—

''(i) IN GENERAL.—The benefit requirements of this subparagraph are met with respect to the defined benefit plan forming part of the eligible combined plan if the accrued benefit of each participant derived from employer contributions, when expressed as an annual retirement benefit, is not less than the applicable percentage of the participant's final average pay. For purposes of this clause, final average pay shall be determined using the period of consecutive years (not exceeding 5) during which the participant had the greatest aggregate compensation from the employer.

''(ii) APPLICABLE PERCENTAGE.—For purposes of clause (i), the applicable percentage is the lesser of—

''(I) 1 percent multiplied by the number of years of service with the employer, or

''(II) 20 percent.

''(iii) SPECIAL RULE FOR APPLICABLE DEFINED BENEFIT PLANS.—If the defined benefit plan under clause (i) is an applicable defined benefit plan as defined in section 411(a)(13)(B) which meets the interest credit requirements of section 411(b)(5)(B)(i), the plan shall be treated as meeting the requirements of clause (i) with respect to any plan year if each participant receives a pay credit for the year which is not less than the percentage of compensation determined in accordance with the following table:

''If the participant's age as of the beginning of the year is—	The percentage is—
30 or less	2
Over 30 but less than 40	4
40 or over but less than 50	6
50 or over	8.

''(iv) YEARS OF SERVICE.—For purposes of this subparagraph, years of service shall be determined under the rules of paragraphs (4), (5), and (6) of section 411(a), except that the plan may not disregard any year of service because of a participant making, or failing to make, any elective deferral with respect to the qualified cash or deferred arrangement to which subparagraph (C) applies.

''(C) CONTRIBUTION REQUIREMENTS.—

''(i) IN GENERAL.—The contribution requirements of this subparagraph with respect to any applicable defined contribution plan forming part of an eligible combined plan are met if—

''(I) the qualified cash or deferred arrangement included in such plan constitutes an automatic contribution arrangement, and

''(II) the employer is required to make matching contributions on behalf of each employee eligible to participate in the arrangement in an amount equal to 50 percent of the elective contributions of the employee to the extent such elective contributions do not exceed 4 percent of compensation.

Rules similar to the rules of clauses (ii) and (iii) of section 401(k)(12)(B) shall apply for purposes of this clause.

''(ii) NONELECTIVE CONTRIBUTIONS.—An applicable defined contribution plan shall not be treated as failing to meet the requirements of clause (i) because the employer makes nonelective contributions under the plan but such contributions shall not be taken into account in determining whether the requirements of clause (i)(II) are met.

''(D) VESTING REQUIREMENTS.—The vesting requirements of this subparagraph are met if—

''(i) in the case of a defined benefit plan forming part of an eligible combined plan an employee who has completed at least 3 years of service has a nonforfeitable right to 100 percent of the employee's accrued benefit under the plan derived from employer contributions, and

''(ii) in the case of an applicable defined contribution plan forming part of eligible combined plan—

''(I) an employee has a nonforfeitable right to any matching contribution made under the qualified cash or deferred arrangement included in such plan by an employer with respect to any elective contribution, including matching contributions in excess of the contributions required under subparagraph (C)(i)(II), and

''(II) an employee who has completed at least 3 years of service has a nonforfeitable right to 100 percent of the employee's accrued benefit derived under the arrangement from nonelective contributions of the employer.

For purposes of this subparagraph, the rules of section 411 shall apply to the extent not inconsistent with this subparagraph.

''(E) UNIFORM PROVISION OF CONTRIBUTIONS AND BENEFITS.—In the case of a defined benefit plan or applicable defined contribution plan forming part of an eligible combined plan, the requirements of this subparagraph are met if all contributions and benefits under each such plan, and all rights and features under each such plan, must be provided uniformly to all participants.

''(F) REQUIREMENTS MUST BE MET WITHOUT TAKING INTO ACCOUNT SOCIAL SECURITY AND SIMILAR CONTRIBUTIONS AND BENEFITS OR OTHER PLANS.—

''(i) IN GENERAL.—The requirements of this subparagraph are met if the requirements of clauses (ii) and (iii) are met.

''(ii) SOCIAL SECURITY AND SIMILAR CONTRIBUTIONS.—The requirements of this clause are met if—

''(I) the requirements of subparagraphs (B) and (C) are met without regard to section 401(l), and

''(II) the requirements of sections 401(a)(4) and 410(b) are met with respect to both the applicable defined contribution plan and defined benefit plan forming part of an eligible combined plan without regard to section 401(l).

''(iii) OTHER PLANS AND ARRANGEMENTS.—The requirements of this clause are met if the applicable defined contribution plan and defined benefit plan forming part of an eligible combined plan meet the requirements of sections 401(a)(4) and 410(b) without being combined with any other plan.

''(3) NONDISCRIMINATION REQUIREMENTS FOR QUALIFIED CASH OR DEFERRED ARRANGEMENT.—

''(A) IN GENERAL.—A qualified cash or deferred arrangement which is included in an applicable defined contribution plan forming part of an eligible combined plan shall be treated as meeting the requirements of section 401(k)(3)(A)(ii) if the requirements of paragraph (2)(C) are met with respect to such arrangement.

''(B) MATCHING CONTRIBUTIONS.—In applying section 401(m)(11) to any matching contribution with respect to a contribution to which paragraph (2)(C) applies, the contribution requirement of paragraph (2)(C) and the notice requirements of paragraph (5)(B) shall be substituted for the requirements otherwise applicable under clauses (i) and (ii) of section 401(m)(11)(A).

''(4) SATISFACTION OF TOP-HEAVY RULES.—A defined benefit plan and applicable defined contribution plan forming part of an eligible combined plan for any plan year shall be treated as meeting the requirements of section 416 for the plan year.

''(5) AUTOMATIC CONTRIBUTION ARRANGEMENT.—For purposes of this subsection—

''(A) IN GENERAL.—A qualified cash or deferred arrangement shall be treated as an automatic contribution arrangement if the arrangement—

''(i) provides that each employee eligible to participate in the arrangement is treated as having elected to have the employer make elective contributions in an amount equal to 4 percent of the employee's compensation unless the employee specifically elects not to have such contributions made or to have such contributions made at a different rate, and

''(ii) meets the notice requirements under subparagraph (B).

''(B) NOTICE REQUIREMENTS.—

''(i) IN GENERAL.—The requirements of this subparagraph are met if the requirements of clauses (ii) and (iii) are met.

''(ii) REASONABLE PERIOD TO MAKE ELECTION.—The requirements of this clause are met if each employee to whom subparagraph (A)(i) applies—

''(I) receives a notice explaining the employee's right under the arrangement to elect not to have elective contributions made on the employee's behalf or to have the contributions made at a different rate, and

''(II) has a reasonable period of time after receipt of such notice and before the first

elective contribution is made to make such election.

''(iii) ANNUAL NOTICE OF RIGHTS AND OBLIGATIONS.—The requirements of this clause are met if each employee eligible to participate in the arrangement is, within a reasonable period before any year, given notice of the employee's rights and obligations under the arrangement.

The requirements of clauses (i) and (ii) of section 401(k)(12)(D) shall be met with respect to the notices described in clauses (ii) and (iii) of this subparagraph.

''(6) COORDINATION WITH OTHER REQUIREMENTS.—

''(A) TREATMENT OF SEPARATE PLANS.—Section 414(k) shall not apply to an eligible combined plan.

''(B) REPORTING.—An eligible combined plan shall be treated as a single plan for purposes of sections 6058 and 6059.

''(7) APPLICABLE DEFINED CONTRIBUTION PLAN.—For purposes of this subsection—

''(A) IN GENERAL.—The term 'applicable defined contribution plan' means a defined contribution plan which includes a qualified cash or deferred arrangement.

''(B) QUALIFIED CASH OR DEFERRED ARRANGEMENT.—The term 'qualified cash or deferred arrangement' has the meaning given such term by section 401(k)(2).''.

(b) AMENDMENTS TO THE EMPLOYEE RETIREMENT INCOME SECURITY ACT OF 1974.—

(1) IN GENERAL.—Section 210 of the Employee Retirement Income Security Act of 1974 is amended by adding at the end the following new subsection:

''(e) SPECIAL RULES FOR ELIGIBLE COMBINED DEFINED BENEFIT PLANS AND QUALIFIED CASH OR DEFERRED ARRANGEMENTS.—

''(1) GENERAL RULE.—Except as provided in this subsection, this Act shall be applied to any defined benefit plan or applicable individual account plan which are part of an eligible combined plan in the same manner as if each such plan were not a part of the eligible combined plan.

''(2) ELIGIBLE COMBINED PLAN.—For purposes of this subsection—

''(A) IN GENERAL.—The term 'eligible combined plan' means a plan—

''(i) which is maintained by an employer which, at the time the plan is established, is a small employer,

''(ii) which consists of a defined benefit plan and an applicable individual account plan each of which qualifies under section 401(a) of the Internal Revenue Code of 1986,

''(iii) the assets of which are held in a single trust forming part of the plan and are clearly identified and allocated to the defined benefit plan and the applicable individual account plan to the extent necessary for the separate application of this Act under paragraph (1), and

''(iv) with respect to which the benefit, contribution, vesting, and nondiscrimination requirements of subparagraphs (B), (C), (D), (E), and (F) are met.

For purposes of this subparagraph, the term 'small employer' has the meaning given such term by section 4980D(d)(2) of the Internal Revenue Code of 1986, except that such section shall be applied by substituting '500' for '50' each place it appears.

''(B) BENEFIT REQUIREMENTS.—

''(i) IN GENERAL.—The benefit requirements of this subparagraph are met with respect to the defined benefit plan forming part of the eligible combined plan if the accrued benefit of each participant derived from employer contributions, when expressed as an annual retirement benefit, is not less than the applicable percentage of the participant's final average pay. For purposes of this clause, final average pay shall be determined using the period of consecutive years (not exceeding 5) during which the participant had the greatest aggregate compensation from the employer.

''(ii) APPLICABLE PERCENTAGE.—For purposes of clause (i), the applicable percentage is the lesser of—

''(I) 1 percent multiplied by the number of years of service with the employer, or

''(II) 20 percent.

''(iii) SPECIAL RULE FOR APPLICABLE DEFINED BENEFIT PLANS.—If the defined benefit plan under clause (i) is an applicable defined benefit plan as defined in section 203(f)(3)(B) which meets the interest credit requirements of section 204(b)(5)(B)(i), the plan shall be treated as meeting the requirements of clause (i) with respect to any plan year if each participant receives pay credit for the year which is not less than the percentage of compensation determined in accordance with the following table:

''If the participant's age as of the beginning of the year is—	The percentage is—
30 or less	2
Over 30 but less than 40	4
40 or over but less than 50	6
50 or over	8.

''(iv) YEARS OF SERVICE.—For purposes of this subparagraph, years of service shall be determined under the rules of paragraphs (1), (2), and (3) of section 203(b), except that the plan may not disregard any year of service because of a participant making, or failing to make, any elective deferral with respect to the qualified cash or deferred arrangement to which subparagraph (C) applies.

''(C) CONTRIBUTION REQUIREMENTS.—

''(i) IN GENERAL.—The contribution requirements of this subparagraph with respect to any applicable individual account plan forming part of an eligible combined plan are met if—

''(I) the qualified cash or deferred arrangement included in such plan constitutes an automatic contribution arrangement, and

''(II) the employer is required to make matching contributions on behalf of each employee eligible to participate in the arrangement in an amount equal to 50 percent of the elective contributions of the employee to the extent such elective contributions do not exceed 4 percent of compensation.

Rules similar to the rules of clauses (ii) and (iii) of section 401(k)(12)(B) of the Internal Revenue Code of 1986 shall apply for purposes of this clause.

''(ii) NONELECTIVE CONTRIBUTIONS.—An applicable individual account plan shall not be treated as failing to meet the requirements of clause (i) because the employer makes nonelective contributions under the plan but such contributions shall not be taken into account in determining whether the requirements of clause (i)(II) are met.

''(D) VESTING REQUIREMENTS.—The vesting requirements of this subparagraph are met if—

''(i) in the case of a defined benefit plan forming part of an eligible combined plan an employee who has completed at least 3 years of service has a nonforfeitable right to 100 percent of the employee's accrued benefit under the plan derived from employer contributions, and

''(ii) in the case of an applicable individual account plan forming part of eligible combined plan—

''(I) an employee has a nonforfeitable right to any matching contribution made under the qualified cash or deferred arrangement included in such plan by an employer with respect to any elective contribution, including matching contributions in excess of the contributions required under subparagraph (C)(i)(II), and

''(II) an employee who has completed at least 3 years of service has a nonforfeitable right to 100 percent of the employee's accrued benefit derived under the arrangement from nonelective contributions of the employer.

For purposes of this subparagraph, the rules of section 203 shall apply to the extent not inconsistent with this subparagraph.

''(E) UNIFORM PROVISION OF CONTRIBUTIONS AND BENEFITS.—In the case of a defined benefit plan or applicable individual account plan forming part of an eligible combined plan, the requirements of this subparagraph are met if all contributions and benefits under each such plan, and all rights and features under each such plan, must be provided uniformly to all participants.

''(F) REQUIREMENTS MUST BE MET WITHOUT TAKING INTO ACCOUNT SOCIAL SECURITY AND SIMILAR CONTRIBUTIONS AND BENEFITS OR OTHER PLANS.—

''(i) IN GENERAL.—The requirements of this subparagraph are met if the requirements of clauses (ii) and (iii) are met.

''(ii) SOCIAL SECURITY AND SIMILAR CONTRIBUTIONS.—The requirements of this clause are met if—

''(I) the requirements of subparagraphs (B) and (C) are met without regard to section 401(l) of the Internal Revenue Code of 1986, and

''(II) the requirements of sections 401(a)(4) and 410(b) of the Internal Revenue Code of 1986 are met with respect to both the applicable defined contribution plan and defined benefit plan forming part of an eligible combined plan without regard to section 401(l) of the Internal Revenue Code of 1986.

''(iii) OTHER PLANS AND ARRANGEMENTS.—The requirements of this clause are met if the applicable defined contribution plan and defined benefit plan forming part of an eligible combined plan meet the requirements of sections 401(a)(4) and 410(b) of the Internal Revenue Code of 1986 without being combined with any other plan.

''(3) NONDISCRIMINATION REQUIREMENTS FOR QUALIFIED CASH OR DEFERRED ARRANGEMENT.—

''(A) IN GENERAL.—A qualified cash or deferred arrangement which is included in an applicable individual account plan forming part of an eligible combined plan shall be treated as meeting the requirements of section 401(k)(3)(A)(ii) of the Internal Revenue Code of 1986 if the requirements of paragraph (2) are met with respect to such arrangement.

''(B) MATCHING CONTRIBUTIONS.—In applying section 401(m)(11) of such Code to any matching contribution with respect to a contribution to which paragraph (2)(C) applies, the contribution requirement of paragraph (2)(C) and the notice requirements of paragraph (5)(B) shall be substituted for the requirements otherwise applicable under clauses (i) and (ii) of section 401(m)(11)(A) of such Code.

''(4) AUTOMATIC CONTRIBUTION ARRANGEMENT.—For purposes of this subsection—

''(A) IN GENERAL.—A qualified cash or deferred arrangement shall be treated as an automatic contribution arrangement if the arrangement—

''(i) provides that each employee eligible to participate in the arrangement is treated as having elected to have the employer make elective contributions in an amount equal to 4 percent of the employee's compensation unless the employee specifically elects not to have such contributions made or to have such contributions made at a different rate, and

''(ii) meets the notice requirements under subparagraph (B).

''(B) NOTICE REQUIREMENTS.—

''(i) IN GENERAL.—The requirements of this subparagraph are met if the requirements of clauses (ii) and (iii) are met.

''(ii) REASONABLE PERIOD TO MAKE ELECTION.—The requirements of this clause are met if each employee to whom subparagraph (A)(i) applies—

''(I) receives a notice explaining the employee's right under the arrangement to elect not to have elective contributions made on the employee's behalf or to have the contributions made at a different rate, and

''(II) has a reasonable period of time after receipt of such notice and before the first elective contribution is made to make such election.

''(iii) ANNUAL NOTICE OF RIGHTS AND OBLIGATIONS.—The requirements of this clause are met if each employee eligible to participate in the arrangement is, within a reasonable period before any year, given notice of the employee's rights and obligations under the arrangement.

The requirements of this subparagraph shall not be treated as met unless the requirements of clauses (i) and (ii) of section 401(k)(12)(D) of the Internal Revenue Code of 1986 are met with respect to the notices described in clauses (ii) and (iii) of this subparagraph.

''(5) COORDINATION WITH OTHER REQUIREMENTS.—

''(A) TREATMENT OF SEPARATE PLANS.—The except clause in section 3(35) shall not apply to an eligible combined plan.

''(B) REPORTING.—An eligible combined plan shall be treated as a single plan for purposes of section 103.

''(6) APPLICABLE INDIVIDUAL ACCOUNT PLAN.—For purposes of this subsection—

''(A) IN GENERAL.—The term 'applicable individual account plan' means an individual account plan which includes a qualified cash or deferred arrangement.

''(B) QUALIFIED CASH OR DEFERRED ARRANGEMENT.—The term 'qualified cash or deferred arrangement' has the meaning given such term by section 401(k)(2) of the Internal Revenue Code of 1986.''.

(2) CONFORMING CHANGES.—

(A) The heading for section 210 of such Act is amended to read as follows:

"SEC. 210. MULTIPLE EMPLOYER PLANS AND OTHER SPECIAL RULES.".

(B) The table of contents in section 1 of such Act is amended by striking the item relating to section 210 and inserting the following new item:

''Sec. 210. Multiple employer plans and other special rules.''.

(c) EFFECTIVE DATE.—The amendments made by this section shall apply to plan years beginning after December 31, 2009.

SEC. 904. FASTER VESTING OF EMPLOYER NONELECTIVE CONTRIBUTIONS.

(a) AMENDMENTS TO THE INTERNAL REVENUE CODE OF 1986.—

(1) IN GENERAL.—Paragraph (2) of section 411(a) of the Internal Revenue Code of 1986 (relating to employer contributions) is amended to read as follows:

''(2) EMPLOYER CONTRIBUTIONS.—

''(A) DEFINED BENEFIT PLANS.—

''(i) IN GENERAL.—In the case of a defined benefit plan, a plan satisfies the requirements of this paragraph if it satisfies the requirements of clause (ii) or (iii).

''(ii) 5-YEAR VESTING.—A plan satisfies the requirements of this clause if an employee who has completed at least 5 years of service has a nonforfeitable right to 100 percent of the employee's accrued benefit derived from employer contributions.

''(iii) 3 TO 7 YEAR VESTING.—A plan satisfies the requirements of this clause if an employee has a nonforfeitable right to a percentage of the employee's accrued benefit derived from employer contributions determined under the following table:

" Years of service:	**The nonforfeitable percentage is:**
3	20
4	40
5	60
6	80
7 or more	100.

''(B) DEFINED CONTRIBUTION PLANS.—

''(i) IN GENERAL.—In the case of a defined contribution plan, a plan satisfies the requirements of this paragraph if it satisfies the requirements of clause (ii) or (iii).

''(ii) 3-YEAR VESTING.—A plan satisfies the requirements of this clause if an employee who has completed at least 3 years of service has a nonforfeitable right to 100 percent of the employee's accrued benefit derived from employer contributions.

''(iii) 2 TO 6 YEAR VESTING.—A plan satisfies the requirements of this clause if an employee has a nonforfeitable right to a percentage of the employee's accrued benefit derived from employer contributions determined under the following table:

"Years of service:	**The nonforfeitable percentage is:**
2	20
3	40
4	60
5	80
6 or more	100.''.

(2) CONFORMING AMENDMENT.—Section 411(a) of such Code (relating to general rule for minimum vesting standards) is amended by striking paragraph (12).

(b) AMENDMENTS TO THE EMPLOYEE RETIREMENT INCOME SECURITY ACT OF 1974.—

(1) IN GENERAL.—Paragraph (2) of section 203(a) of the Employee Retirement Income Security Act of 1974 (29 U.S.C. 1053(a)(2)) is amended to read as follows:

''(2)(A)(i) In the case of a defined benefit plan, a plan satisfies the requirements of this paragraph if it satisfies the requirements of clause (ii) or (iii).

''(ii) A plan satisfies the requirements of this clause if an employee who has completed at least 5 years of service has a nonforfeitable right to 100 percent of the employee's accrued benefit derived from employer contributions.

''(iii) A plan satisfies the requirements of this clause if an employee has a nonforfeitable right to a percentage of the employee's accrued benefit derived from employer contributions determined under the following table:

" Years of service:	**The nonforfeitable percentage is:**
3	20
4	40
5	60
6	80
7 or more	100.

''(B)(i) In the case of an individual account plan, a plan satisfies the requirements of this paragraph if it satisfies the requirements of clause (ii) or (iii).

''(ii) A plan satisfies the requirements of this clause if an employee who has completed at least 3 years of service has a nonforfeitable right to 100 percent of the employee's accrued benefit derived from employer contributions.

''(iii) A plan satisfies the requirements of this clause if an employee has a nonforfeitable right to a percentage of the employee's accrued benefit derived from employer contributions determined under the following table:

"Years of service:	**The nonforfeitable percentage is:**
2	20
3	40
4	60
5	80
6 or more	100.''.

(2) CONFORMING AMENDMENT.—Section 203(a) of such Act is amended by striking paragraph (4).

(c) EFFECTIVE DATES.—

(1) IN GENERAL.—Except as provided in paragraphs (2) and (4), the amendments made by this section shall apply to contributions for plan years beginning after December 31, 2006.

(2) COLLECTIVE BARGAINING AGREEMENTS.—In the case of a plan maintained pursuant to one or more collective bargaining agreements between employee representatives and one or more employers ratified before the date of the enactment of this Act, the amendments made by this section shall not apply to contributions on behalf of employees covered by any such agreement for plan years beginning before the earlier of—

(A) the later of—

(i) the date on which the last of such collective bargaining agreements terminates (determined without regard to any extension thereof on or after such date of the enactment); or

(ii) January 1, 2007; or

(B) January 1, 2009.

(3) SERVICE REQUIRED.—With respect to any plan, the amendments made by this section shall not apply to any employee before the date that such employee has 1 hour of service under such plan in any plan year to which the amendments made by this section apply.

(4) SPECIAL RULE FOR STOCK OWNERSHIP PLANS.—Notwithstanding paragraph (1) or (2), in the case of an employee stock ownership plan (as defined in section 4975(e)(7) of the Internal Revenue Code of 1986) which had outstanding on September 26, 2005, a loan incurred for the purpose of acquiring qualifying employer securities (as defined in section 4975(e)(8) of such Code), the amendments made by this section shall not apply to any plan year beginning before the earlier of—

(A) the date on which the loan is fully repaid, or

(B) the date on which the loan was, as of September 26, 2005, scheduled to be fully repaid.

SEC. 905. DISTRIBUTIONS DURING WORKING RETIREMENT.

(a) AMENDMENT TO THE EMPLOYEE RETIREMENT INCOME SECURITY ACT OF 1974.—Subparagraph (A) of section 3(2) of the Employee Retirement Income Security Act of 1974 (29 U.S.C. 1002(2)) is amended by adding at the end the following new sentence: ''A distribution from a plan, fund, or program shall not be treated as made in a form other than retirement income or as a distribution prior to termination of covered employment solely because such distribution is made to an employee who has attained age 62 and who is not separated from employment at the time of such distribution.''.

(b) AMENDMENT TO THE INTERNAL REVENUE CODE OF 1986.—Subsection (a) of section 401 of the Internal Revenue Code of 1986 (as amended by this Act) is amended by inserting after paragraph (35) the following new paragraph:

''(36) DISTRIBUTIONS DURING WORKING RETIREMENT.—A trust forming part of a pension plan shall not be treated as failing to constitute a qualified trust under this section solely because the plan provides that a distribution may be made from such trust to an employee who has attained age 62 and who is not separated from employment at the time of such distribution.''.

(c) EFFECTIVE DATE.—The amendments made by this section shall apply to distributions in plan years beginning after December 31, 2006.

SEC. 906. TREATMENT OF CERTAIN PENSION PLANS OF INDIAN TRIBAL GOVERNMENTS.

(a) DEFINITION OF GOVERNMENT PLAN TO INCLUDE CERTAIN PENSION PLANS OF INDIAN TRIBAL GOVERNMENTS.—

(1) AMENDMENT TO INTERNAL REVENUE CODE OF 1986.—Section 414(d) of the Internal Revenue Code of 1986 (defining governmental plan) is amended by adding at the end the following: ''The term 'governmental plan' includes a plan which is established and maintained by an Indian tribal government (as defined in section 7701(a)(40)), a subdivision of an Indian tribal government (determined in accordance with section 7871(d)), or an agency or instrumentality of either, and all of the participants of which are employees of such entity substantially all of whose services as such an employee are in the performance of essential governmental functions but not in the performance of commercial activities (whether or not an essential government function).''.

(2) AMENDMENT TO EMPLOYEE RETIREMENT INCOME SECURITY ACT OF 1974.—

(A) Section 3(32) of the Employee Retirement Income Security Act of 1974 (29 U.S.C. 1002(32)) is amended by adding at the end the following: ''The term 'governmental plan' includes a plan which is established and maintained by an Indian tribal government (as defined in section 7701(a)(40) of the Internal Revenue Code of 1986), a subdivision of an Indian tribal government (determined in accordance with section 7871(d) of such Code), or an agency or instrumentality of either, and all of the participants of which are employees of such entity substantially all of whose services as such an employee are in the performance of essential governmental functions but not in the performance of commercial activities (whether or not an essential government function)''.

(B) Section 4021(b)(2) of such Act is amended by adding at the end the following: ''or which is described in the last sentence of section 3(32)''.

(b) CLARIFICATION THAT TRIBAL GOVERNMENTS ARE SUBJECT TO THE SAME PENSION PLAN RULES AND REGULATIONS APPLIED TO STATE AND OTHER LOCAL GOVERNMENTS AND THEIR POLICE AND FIREFIGHTERS.—

(1) AMENDMENTS TO INTERNAL REVENUE CODE OF 1986.—

(A) POLICE AND FIREFIGHTERS.—Subparagraph (H) section 415(b)(2) of the Internal Revenue Code of 1986 (defining participant) is amended—

(i) in clause (i), by striking ''State or political subdivision'' and inserting ''State, Indian tribal government (as defined in section 7701(a)(40)), or any political subdivision''; and

(ii) in clause (ii)(I), by striking ''State or political subdivision'' each place it appears and inserting ''State, Indian tribal government (as so defined), or any political subdivision''.

(B) STATE AND LOCAL GOVERNMENT PLANS.—

(i) IN GENERAL.—Subparagraph (A) of section 415(b)(10) of such Code (relating to limitation to equal accrued benefit) is amended by inserting ''or a governmental plan described in the last sentence of section 414(d) (relating to plans of Indian tribal governments),'' after ''foregoing,''.

(ii) CONFORMING AMENDMENT.—The heading of paragraph (1) of section 415(b) of such Code is amended by striking ''SPECIAL RULE FOR STATE AND'' and inserting ''SPECIAL RULE FOR STATE, INDIAN TRIBAL, AND''.

(C) GOVERNMENT PICK UP CONTRIBUTIONS.—Paragraph (2) of section 414(h) of such Code (relating to designation by units of government) is amended by inserting ''or a governmental plan described in the last sentence of section 414(d) (relating to plans of Indian tribal governments),'' after ''foregoing,''.

(2) AMENDMENTS TO EMPLOYEE RETIREMENT INCOME SECURITY ACT OF 1974.—Section 4021(b) of the Employee Retirement Income Security Act of 1974 (29 U.S.C. 1321(b)) is amended—

(A) in paragraph (12), by striking ''or'' at the end;

(B) in paragraph (13), by striking ''plan.'' and inserting ''plan; or''; and

(C) by adding at the end the following:

''(14) established and maintained by an Indian tribal government (as defined in section 7701(a)(40) of the Internal Revenue Code of 1986), a subdivision of an Indian tribal government (determined in accordance with section 7871(d) of such Code), or an agency or instrumentality of either, and all of the participants of which are employees of such entity substantially all of whose services as such an employee are in the performance of essential governmental functions but not in the performance of commercial activities (whether or not an essential government function).''.

(c) EFFECTIVE DATE.—The amendments made by this section shall apply to any year beginning on or after the date of the enactment of this Act.

TITLE X—PROVISIONS RELATING TO SPOUSAL PENSION PROTECTION

SEC. 1001. REGULATIONS ON TIME AND ORDER OF ISSUANCE OF DOMESTIC RELATIONS ORDERS.

Not later than 1 year after the date of the enactment of this Act, the Secretary of Labor shall issue regulations under section 206(d)(3) of the Employee Retirement Security Act of 1974 and section 414(p) of the Internal Revenue Code of 1986 which clarify that—

(1) a domestic relations order otherwise meeting the requirements to be a qualified domestic relations order, including the requirements of section 206(d)(3)(D) of such Act and section 414(p)(3) of such Code, shall not fail to be treated as a qualified domestic relations order solely because—

(A) the order is issued after, or revises, another domestic relations order or qualified domestic relations order; or

(B) of the time at which it is issued; and

(2) any order described in paragraph (1) shall be subject to the same requirements and protections which apply to qualified domestic relations orders, including the provisions of section 206(d)(3)(H) of such Act and section 414(p)(7) of such Code.

SEC. 1002. ENTITLEMENT OF DIVORCED SPOUSES TO RAILROAD RETIREMENT ANNUITIES INDEPENDENT OF ACTUAL ENTITLEMENT OF EMPLOYEE.

(a) IN GENERAL.—Section 2 of the Railroad Retirement Act of 1974 (45 U.S.C. 231a) is amended—

(1) in subsection (c)(4)(i), by striking ''(A) is entitled to an annuity under subsection (a)(1) and (B)''; and

(2) in subsection (e)(5), by striking ''or divorced wife'' the second place it appears.

(b) EFFECTIVE DATE.—The amendments made by this section shall take effect 1 year after the date of the enactment of this Act.

SEC. 1003. EXTENSION OF TIER II RAILROAD RETIREMENT BENEFITS TO SURVIVING FORMER SPOUSES PURSUANT TO DIVORCE AGREEMENTS.

(a) IN GENERAL.—Section 5 of the Railroad Retirement Act of 1974 (45 U.S.C. 231d) is amended by adding at the end the following:

''(d) Notwithstanding any other provision of law, the payment of any portion of an annuity computed under section 3(b) to a surviving former spouse in accordance with a court decree of divorce, annulment, or legal separation or the terms of any court-approved property settlement incident to any such court decree shall not be terminated upon the death of the individual who performed the service with respect to which such annuity is so computed unless such termination is otherwise required by the terms of such court decree.''

(b) EFFECTIVE DATE.—The amendment made by this section shall take effect 1 year after the date of the enactment of this Act.

SEC. 1004. REQUIREMENT FOR ADDITIONAL SURVIVOR ANNUITY OPTION.

(a) AMENDMENTS TO INTERNAL REVENUE CODE.—

(1) ELECTION OF SURVIVOR ANNUITY.—Section 417(a)(1)(A) of the Internal Revenue Code of 1986 is amended—

(A) in clause (i), by striking '', and'' and inserting a comma;

(B) by redesignating clause (ii) as clause (iii); and

(C) by inserting after clause (i) the following:

''(ii) if the participant elects a waiver under clause (i), may elect the qualified optional survivor annuity at any time during the applicable election period, and''.

(2) DEFINITION.—Section 417 of such Code is amended by adding at the end the following:

''(g) DEFINITION OF QUALIFIED OPTIONAL SURVIVOR ANNUITY.—

''(1) IN GENERAL.—For purposes of this section, the term 'qualified optional survivor annuity' means an annuity—

''(A) for the life of the participant with a survivor annuity for the life of the spouse which is equal to the applicable percentage of the amount of the annuity which is payable during the joint lives of the participant and the spouse, and

''(B) which is the actuarial equivalent of a single annuity for the life of the participant. Such term also includes any annuity in a form having the effect of an annuity described in the preceding sentence.

''(2) APPLICABLE PERCENTAGE.—

''(A) IN GENERAL.—For purposes of paragraph (1), if the survivor annuity percentage—

''(i) is less than 75 percent, the applicable percentage is 75 percent, and

''(ii) is greater than or equal to 75 percent, the applicable percentage is 50 percent.

''(B) SURVIVOR ANNUITY PERCENTAGE.—For purposes of subparagraph (A), the term 'survivor annuity percentage' means the percentage which the survivor annuity under the plan's qualified joint and survivor annuity bears to the annuity payable during the joint lives of the participant and the spouse.''.

(3) NOTICE.—Section 417(a)(3)(A)(i) of such Code is amended by inserting ''and of the qualified optional survivor annuity'' after ''annuity''.

(b) AMENDMENTS TO ERISA.—

(1) ELECTION OF SURVIVOR ANNUITY.—Section 205(c)(1)(A) of the Employee Retirement Income Security Act of 1974 (29 U.S.C. 1055(c)(1)(A)) is amended—

(A) in clause (i), by striking '', and'' and inserting a comma;

(B) by redesignating clause (ii) as clause (iii); and

(C) by inserting after clause (i) the following:

''(ii) if the participant elects a waiver under clause (i), may elect the qualified optional survivor annuity at any time during the applicable election period, and''.

(2) DEFINITION.—Section 205(d) of such Act (29 U.S.C. 1055(d)) is amended—

(A) by inserting ''(1)'' after ''(d)'';

(B) by redesignating paragraphs (1) and (2) as subparagraphs (A) and (B), respectively; and

(C) by adding at the end the following:

''(2)(A) For purposes of this section, the term 'qualified optional survivor annuity' means an annuity—

''(i) for the life of the participant with a survivor annuity for the life of the spouse which is equal to the applicable percentage of the amount of the annuity which is payable during the joint lives of the participant and the spouse, and

''(ii) which is the actuarial equivalent of a single annuity for the life of the participant. Such term also includes any annuity in a form having the effect of an annuity described in the preceding sentence.

''(B)(i) For purposes of subparagraph (A), if the survivor annuity percentage—

''(I) is less than 75 percent, the applicable percentage is 75 percent, and

''(II) is greater than or equal to 75 percent, the applicable percentage is 50 percent.

''(ii) For purposes of clause (i), the term 'survivor annuity percentage' means the percentage which the survivor annuity under the plan's qualified joint and survivor annuity bears to the annuity payable during the joint lives of the participant and the spouse.''.

(3) NOTICE.—Section 205(c)(3)(A)(i) of such Act (29 U.S.C. 1055(c)(3)(A)(i)) is amended by inserting ''and of the qualified optional survivor annuity'' after ''annuity''.

(c) EFFECTIVE DATES.—

(1) IN GENERAL.—The amendments made by this section shall apply to plan years beginning after December 31, 2007.

(2) SPECIAL RULE FOR COLLECTIVELY BARGAINED PLANS.—In the case of a plan maintained pursuant to 1 or more collective bargaining agreements between employee representatives and 1 or more employers ratified on or before the date of the enactment of this Act, the amendments made by this section shall not apply to plan years beginning before the earlier of—

(A) the later of—

(i) January 1, 2008, or

(ii) the date on which the last collective bargaining agreement related to the plan terminates (determined without regard to any extension thereof after the date of enactment of this Act), or

(B) January 1, 2009.

TITLE XI—ADMINISTRATIVE PROVISIONS

SEC. 1101. EMPLOYEE PLANS COMPLIANCE RESOLUTION SYSTEM.

(a) IN GENERAL.—The Secretary of the Treasury shall have full authority to establish and implement the Employee Plans Compliance Resolution System (or any successor program) and any other employee plans correction policies, including the authority to waive income, excise, or other taxes to ensure that any tax, penalty, or sanction is not excessive and bears a reasonable relationship to the nature, extent, and severity of the failure.

(b) IMPROVEMENTS.—The Secretary of the Treasury shall continue to update and improve the Employee Plans Compliance Resolution System (or any successor program), giving special attention to—

(1) increasing the awareness and knowledge of small employers concerning the availability and use of the program;

(2) taking into account special concerns and circumstances that small employers face with respect to compliance and correction of compliance failures;

(3) extending the duration of the self-correction period under the Self-Correction Program for significant compliance failures;

(4) expanding the availability to correct insignificant compliance failures under the Self-Correction Program during audit; and

(5) assuring that any tax, penalty, or sanction that is imposed by reason of a compliance failure is not excessive and bears a reasonable relationship to the nature, extent, and severity of the failure.

SEC. 1102. NOTICE AND CONSENT PERIOD REGARDING DISTRIBUTIONS.

(a) EXPANSION OF PERIOD.—

(1) AMENDMENT OF INTERNAL REVENUE CODE.—

(A) IN GENERAL.—Section 417(a)(6)(A) of the Internal Revenue Code of 1986 is amended by striking ''90-day'' and inserting ''180-day''.

(B) MODIFICATION OF REGULATIONS.—The Secretary of the Treasury shall modify the regulations under sections 402(f), 411(a)(11), and 417 of the Internal Revenue Code of 1986 by substituting ''180 days'' for ''90 days'' each place it appears in Treasury Regulations sections 1.402(f)–1, 1.411(a)–11(c), and 1.417(e)–1(b).

(2) AMENDMENT OF ERISA.—

(A) IN GENERAL.—Section 205(c)(7)(A) of the Employee Retirement Income Security Act of 1974 (29 U.S.C. 1055(c)(7)(A)) is amended by striking ''90-day'' and inserting ''180-day''.

(B) MODIFICATION OF REGULATIONS.—The Secretary of the Treasury shall modify the regulations under part 2 of subtitle B of title I of the Employee Retirement Income Security Act of 1974 relating to sections 203(e) and 205 of such Act by substituting ''180 days'' for ''90 days'' each place it appears.

(3) EFFECTIVE DATE.—The amendments and modifications made or required by this subsection shall apply to years beginning after December 31, 2006.

(b) NOTIFICATION OF RIGHT TO DEFER.—

(1) IN GENERAL.—The Secretary of the Treasury shall modify the regulations under section 411(a)(11) of the Internal Revenue Code of 1986 and under section 205 of the Employee Retirement Income Security Act of 1974 to provide that the description of a participant's right, if any, to defer receipt of a distribution shall also describe the consequences of failing to defer such receipt.

(2) EFFECTIVE DATE.—

(A) IN GENERAL.—The modifications required by paragraph (1) shall apply to years beginning after December 31, 2006.

(B) REASONABLE NOTICE.—A plan shall not be treated as failing to meet the requirements of section 411(a)(11) of such Code or section 205 of such Act with respect to any description of consequences described in paragraph (1) made within 90 days after the Secretary of the Treasury issues the modifications required by paragraph (1) if the plan administrator makes a reasonable attempt to comply with such requirements.

SEC. 1103. REPORTING SIMPLIFICATION.

(a) SIMPLIFIED ANNUAL FILING REQUIREMENT FOR OWNERS AND THEIR SPOUSES.—

(1) IN GENERAL.—The Secretary of the Treasury shall modify the requirements for filing annual returns with respect to one-participant retirement plans to ensure that such plans with assets of $250,000 or less as of the close of the plan year need not file a return for that year.

(2) ONE-PARTICIPANT RETIREMENT PLAN DEFINED.—For purposes of this subsection, the term ''one-participant retirement plan'' means a retirement plan with respect to which the following requirements are met:

(A) on the first day of the plan year—

(i) the plan covered only one individual (or the individual and the individual's spouse) and the individual owned 100 percent of the plan sponsor (whether or not incorporated), or

(ii) the plan covered only one or more partners (or partners and their spouses) in the plan sponsor;

(B) the plan meets the minimum coverage requirements of section 410(b) of the Internal Revenue Code of 1986 without being combined with any other plan of the business that covers the employees of the business;

(C) the plan does not provide benefits to anyone except the individual (and the individual's spouse) or the partners (and their spouses);

(D) the plan does not cover a business that is a member of an affiliated service group, a controlled group of corporations, or a group of businesses under common control; and

(E) the plan does not cover a business that uses the services of leased employees (within the meaning of section 414(n) of such Code).

For purposes of this paragraph, the term ''partner'' includes a 2-percent shareholder (as defined in section 1372(b) of such Code) of an S corporation.

(3) OTHER DEFINITIONS.—Terms used in paragraph (2) which are also used in section 414 of the Internal Revenue Code of 1986 shall have the respective meanings given such terms by such section.

(4) EFFECTIVE DATE.—The provisions of this subsection shall apply to plan years beginning on or after January 1, 2007.

(b) SIMPLIFIED ANNUAL FILING REQUIREMENT FOR PLANS WITH FEWER THAN 25 PARTICIPANTS.—In the case of plan years beginning after December 31, 2006, the Secretary of the Treasury and the Secretary of Labor shall provide for the filing of a simplified annual return for any retirement plan which covers less than 25 participants on the first day of a plan year and which meets the requirements described in subparagraphs (B), (D), and (E) of subsection (a)(2).

SEC. 1104. VOLUNTARY EARLY RETIREMENT INCENTIVE AND EMPLOYMENT RETENTION PLANS MAINTAINED BY LOCAL EDUCATIONAL AGENCIES AND OTHER ENTITIES.

(a) VOLUNTARY EARLY RETIREMENT INCENTIVE PLANS.—

(1) TREATMENT AS PLAN PROVIDING SEVERANCE PAY.—Section 457(e)(11) of the Internal Revenue Code of 1986 (relating to certain plans excluded) is amended by adding at the end the following new subparagraph:

''(D) CERTAIN VOLUNTARY EARLY RETIREMENT INCENTIVE PLANS.—

''(i) IN GENERAL.—If an applicable voluntary early retirement incentive plan—

''(I) makes payments or supplements as an early retirement benefit, a retirement-type subsidy, or a benefit described in the last sentence of section 411(a)(9), and

''(II) such payments or supplements are made in coordination with a defined benefit plan which is described in section 401(a) and includes a trust exempt from tax under section 501(a) and which is maintained by an eligible employer described in paragraph (1)(A) or by an education association described in clause (ii)(II),

such applicable plan shall be treated for purposes of subparagraph (A)(i) as a bona fide severance pay plan with respect to such payments or supplements to the extent such payments or supplements could otherwise have been provided under such defined benefit plan (determined as if section 411 applied to such defined benefit plan).

''(ii) APPLICABLE VOLUNTARY EARLY RETIREMENT INCENTIVE PLAN.—For purposes of this subparagraph, the term 'applicable voluntary early retirement incentive plan' means a voluntary early retirement incentive plan maintained by—

''(I) a local educational agency (as defined in section 9101 of the Elementary and Secondary Education Act of 1965 (20 U.S.C. 7801)), or

''(II) an education association which principally represents employees of 1 or more agencies described in subclause (I) and which is described in section 501(c) (5) or (6) and exempt from tax under section 501(a).''

(2) AGE DISCRIMINATION IN EMPLOYMENT ACT.—Section 4(l)(1) of the Age Discrimination in Employment Act of 1967 (29 U.S.C. 623(l)(1)) is amended—

(A) by inserting ''(A)'' after ''(1)'',

(B) by redesignating subparagraphs (A) and (B) as clauses (i) and (ii), respectively,

(C) by redesignating clauses (i) and (ii) of subparagraph (B) (as in effect before the amendments made by subparagraph (B)) as subclauses (I) and (II), respectively, and

(D) by adding at the end the following:

''(B) A voluntary early retirement incentive plan that—

''(i) is maintained by—

''(I) a local educational agency (as defined in section 9101 of the Elementary and Secondary Education Act of 1965 (20 U.S.C. 7801), or

''(II) an education association which principally represents employees of 1 or more agencies described in subclause (I) and which is described in section 501(c) (5) or (6) of the Internal Revenue Code of 1986 and exempt from taxation under section 501(a) of such Code, and

''(ii) makes payments or supplements described in subclauses (I) and (II) of subparagraph (A)(ii) in coordination with a defined benefit plan (as so defined) maintained by an eligible employer described in section 457(e)(1)(A) of such Code or by an education association described in clause (i)(II),

shall be treated solely for purposes of subparagraph (A)(ii) as if it were a part of the defined benefit plan with respect to such payments or supplements. Payments or supplements under such a voluntary early retirement incentive plan shall not constitute severance pay for purposes of paragraph (2).''.

(b) EMPLOYMENT RETENTION PLANS.—

(1) IN GENERAL.—Section 457(f)(2) of the Internal Revenue Code of 1986 (relating to exceptions) is amended by striking ''and'' at the end of subparagraph (D), by striking the period at the end of subparagraph (E) and inserting '', and'', and by adding at the end the following:

''(F) that portion of any applicable employment retention plan described in paragraph (4) with respect to any participant.''

(2) DEFINITIONS AND RULES RELATING TO EMPLOYMENT RETENTION PLANS.—Section 457(f) of such Code is amended by adding at the end the following new paragraph:

''(4) EMPLOYMENT RETENTION PLANS.—For purposes of paragraph (2)(F)—

''(A) IN GENERAL.—The portion of an applicable employment retention plan described in this paragraph with respect to any participant is that portion of the plan which provides benefits payable to the participant not in excess of twice the applicable dollar limit determined under subsection (e)(15).

''(B) OTHER RULES.—

''(i) LIMITATION.—Paragraph (2)(F) shall only apply to the portion of the plan described in subparagraph (A) for years preceding the year in which such portion is paid or otherwise made available to the participant.

''(ii) TREATMENT.—A plan shall not be treated for purposes of this title as providing for the deferral of compensation for any year with respect to the portion of the plan described in subparagraph (A).

''(C) APPLICABLE EMPLOYMENT RETENTION PLAN.—The term 'applicable employment retention plan' means an employment retention plan maintained by—

''(i) a local educational agency (as defined in section 9101 of the Elementary and Secondary Education Act of 1965 (20 U.S.C. 7801), or

''(ii) an education association which principally represents employees of 1 or more agencies described in clause (i) and which is described in section 501(c) (5) or (6) and exempt from taxation under section 501(a).

''(D) EMPLOYMENT RETENTION PLAN.—The term 'employment retention plan' means a plan to pay, upon termination of employment, compensation to an employee of a local educational agency or education association described in subparagraph (C) for purposes of—

''(i) retaining the services of the employee, or

''(ii) rewarding such employee for the employee's service with 1 or more such agencies or associations.''.

(c) COORDINATION WITH ERISA.—Section 3(2)(B) of the Employee Retirement Income Security Act of 1974 (29 U.S.C. 1002(2)(B)) is amended by adding at the end the following: ''An applicable voluntary early retirement incentive plan (as defined in section 457(e)(11)(D)(ii) of the Internal Revenue Code of 1986) making payments or supplements described in section 457(e)(11)(D)(i) of such Code, and an applicable employment retention plan (as defined in section 457(f)(4)(C) of such Code) making payments of benefits described in section 457(f)(4)(A) of such Code, shall, for purposes of this title, be treated as a welfare plan (and not a pension plan) with respect to such payments and supplements.''

(d) EFFECTIVE DATES.—

(1) IN GENERAL.—The amendments made by this Act shall take effect on the date of the enactment of this Act.

(2) TAX AMENDMENTS.—The amendments made by subsections (a)(1) and (b) shall apply to taxable years ending after the date of the enactment of this Act.

(3) ERISA AMENDMENTS.—The amendment made by subsection (c) shall apply to plan years ending after the date of the enactment of this Act.

(4) CONSTRUCTION.—Nothing in the amendments made by this section shall alter or affect the construction of the Internal Revenue Code of 1986, the Employee Retirement Income Security Act of 1974, or the Age Discrimination in Employment Act of 1967 as applied to any plan, arrangement, or conduct to which such amendments do not apply.

SEC. 1105. NO REDUCTION IN UNEMPLOYMENT COMPENSATION AS A RESULT OF PENSION ROLLOVERS.

(a) IN GENERAL.—Section 3304(a) of the Internal Revenue Code of 1986 (relating to requirements for State unemployment laws) is amended by adding at the end the following new flush sentence:

''Compensation shall not be reduced under paragraph (15) for any pension, retirement or retired pay, annuity, or similar payment which is not includible in gross income of the individual for the taxable year in which paid because it was part of a rollover distribution.''.

(b) EFFECTIVE DATE.—The amendment made by this section shall apply to weeks beginning on or after the date of the enactment of this Act.

SEC. 1106. REVOCATION OF ELECTION RELATING TO TREATMENT AS MULTIEMPLOYER PLAN.

(a) AMENDMENT TO ERISA.—Section 3(37) of the Employee Retirement Income Security Act of 1974 is amended by adding at the end the following new subparagraph (G):

''(G)(i) Within 1 year after the enactment of the Pension Protection Act of 2006—

''(I) an election under subparagraph (E) may be revoked, pursuant to procedures prescribed by the Pension Benefit Guaranty Corporation, if, for each of the 3 plan years prior to the date of the enactment of that Act, the plan would have been a multiemployer plan but for the election under subparagraph (E), and

''(II) a plan that meets the criteria in clauses (i) and (ii) of subparagraph (A) of this paragraph or that is described in clause (vi) may, pursuant to procedures prescribed by the Pension Benefit Guaranty Corporation, elect to be a multiemployer plan, if—

''(aa) for each of the 3 plan years immediately before the date of the enactment of the Pension Protection Act of 2006, the plan has met those criteria or is so described,

''(bb) substantially all of the plan's employer contributions for each of those plan years were made or required to be made by organizations that were exempt from tax under section 501 of the Internal Revenue Code of 1986, and

''(cc) the plan was established prior to September 2, 1974.

''(ii) An election under this paragraph shall be effective for all purposes under this Act and under the Internal Revenue Code of 1986, starting with the first plan year ending after the date of the enactment of the Pension Protection Act of 2006.

''(iii) Once made, an election under this paragraph shall be irrevocable, except that a plan described in subclause (i)(II) shall cease to be a multiemployer plan as of the plan year beginning immediately after the first plan year for which the majority of its employer contributions were made or required to be made by organizations that were not exempt from tax under section 501 of the Internal Revenue Code of 1986.

''(iv) The fact that a plan makes an election under clause (i)(II) does not imply that the plan was not a multiemployer plan prior to the date of the election or would not be a multiemployer plan without regard to the election.

''(v)(I) No later than 30 days before an election is made under this paragraph, the plan administrator shall provide notice of the pending election to each plan participant and beneficiary, each labor organization representing such participants or beneficiaries, and each employer that has an obligation to contribute to the plan, describing the principal differences between the guarantee programs under title IV and the benefit restrictions under this title for single employer and multiemployer plans, along with such other information as the plan administrator chooses to include.

''(II) Within 180 days after the date of enactment of the Pension Protection Act of 2006, the Secretary shall prescribe a model notice under this subparagraph.

''(III) A plan administrator's failure to provide the notice required under this subparagraph shall be treated for purposes of section 502(c)(2) as a failure or refusal by the plan administrator to file the annual report required to be filed with the Secretary under section 101(b)(4).

''(vi) A plan is described in this clause if it is a plan—

''(I) that was established in Chicago, Illinois, on August 12, 1881; and

''(II) sponsored by an organization described in section 501(c)(5) of the Internal Revenue Code of 1986 and exempt from tax under section 501(a) of such Code.''.

(b) AMENDMENT TO INTERNAL REVENUE CODE.—Subsection (f) of section 414 of the Internal Revenue Code of 1986 is amended by adding at the end the following new paragraph (6):

''(6) ELECTION WITH REGARD TO MULTIEMPLOYER STATUS.—

''(A) Within 1 year after the enactment of the Pension Protection Act of 2006—

''(i) An election under paragraph (5) may be revoked, pursuant to procedures prescribed by the Pension Benefit Guaranty Corporation, if, for each of the 3 plan years prior to the date of the enactment of that Act, the plan would have been a multiemployer plan but for the election under paragraph (5), and

''(ii) a plan that meets the criteria in subparagraph (A) and (B) of paragraph (1) of this

subsection or that is described in subparagraph (E) may, pursuant to procedures prescribed by the Pension Benefit Guaranty Corporation, elect to be a multiemployer plan, if—

''(I) for each of the 3 plan years immediately before the date of enactment of the Pension Protection Act of 2006, the plan has met those criteria or is so described,

''(II) substantially all of the plan's employer contributions for each of those plan years were made or required to be made by organizations that were exempt from tax under section 501, and

''(III) the plan was established prior to September 2, 1974.

''(B) An election under this paragraph shall be effective for all purposes under this Act and under the Employee Retirement Income Security Act of 1974, starting with the first plan year ending after the date of the enactment of the Pension Protection Act of 2006.

''(C) Once made, an election under this paragraph shall be irrevocable, except that a plan described in subparagraph (A)(ii) shall cease to be a multiemployer plan as of the plan year beginning immediately after the first plan year for which the majority of its employer contributions were made or required to be made by organizations that were not exempt from tax under section 501.

''(D) The fact that a plan makes an election under subparagraph (A)(ii) does not imply that the plan was not a multiemployer plan prior to the date of the election or would not be a multiemployer plan without regard to the election.

''(E) A plan is described in this subparagraph if it is a plan—

''(i) that was established in Chicago, Illinois, on August 12, 1881; and

''(ii) sponsored by an organization described in section 501(c)(5) and exempt from tax under section 501(a).''.

SEC. 1107. PROVISIONS RELATING TO PLAN AMENDMENTS.

(a) IN GENERAL.—If this section applies to any pension plan or contract amendment—

(1) such pension plan or contract shall be treated as being operated in accordance with the terms of the plan during the period described in subsection (b)(2)(A), and

(2) except as provided by the Secretary of the Treasury, such pension plan shall not fail to meet the requirements of section 411(d)(6) of the Internal Revenue Code of 1986 and section 204(g) of the Employee Retirement Income Security Act of 1974 by reason of such amendment.

(b) AMENDMENTS TO WHICH SECTION APPLIES.—

(1) IN GENERAL.—This section shall apply to any amendment to any pension plan or annuity contract which is made—

(A) pursuant to any amendment made by this Act or pursuant to any regulation issued by the Secretary of the Treasury or the Secretary of Labor under this Act, and

(B) on or before the last day of the first plan year beginning on or after January 1, 2009.

In the case of a governmental plan (as defined in section 414(d) of the Internal Revenue Code of 1986), this paragraph shall be applied by substituting ''2011'' for ''2009''.

(2) CONDITIONS.—This section shall not apply to any amendment unless—

(A) during the period—

(i) beginning on the date the legislative or regulatory amendment described in paragraph (1)(A) takes effect (or in the case of a plan or contract amendment not required by such legislative or regulatory amendment, the effective date specified by the plan), and

(ii) ending on the date described in paragraph (1)(B) (or, if earlier, the date the plan or contract amendment is adopted), the plan or contract is operated as if such plan or contract amendment were in effect; and

(B) such plan or contract amendment applies retroactively for such period.

TITLE XII—PROVISIONS RELATING TO EXEMPT ORGANIZATIONS

Subtitle A—Charitable Giving Incentives

SEC. 1201. TAX-FREE DISTRIBUTIONS FROM INDIVIDUAL RETIREMENT PLANS FOR CHARITABLE PURPOSES.

(a) IN GENERAL.—Subsection (d) of section 408 (relating to individual retirement accounts) is amended by adding at the end the following new paragraph:

''(8) DISTRIBUTIONS FOR CHARITABLE PURPOSES.—

''(A) IN GENERAL.—So much of the aggregate amount of qualified charitable distributions with respect to a taxpayer made during any taxable year which does not exceed $100,000 shall not be includible in gross income of such taxpayer for such taxable year.

''(B) QUALIFIED CHARITABLE DISTRIBUTION.—For purposes of this paragraph, the term 'qualified charitable distribution' means any distribution from an individual retirement plan (other than a plan described in subsection (k) or (p))—

''(i) which is made directly by the trustee to an organization described in section 170(b)(1)(A) (other than any organization described in section 509(a)(3) or any fund or account described in section 4966(d)(2)), and

''(ii) which is made on or after the date that the individual for whose benefit the plan is maintained has attained age 70½.

A distribution shall be treated as a qualified charitable distribution only to the extent that the distribution would be includible in gross income without regard to subparagraph (A).

''(C) CONTRIBUTIONS MUST BE OTHERWISE DEDUCTIBLE.—For purposes of this paragraph, a distribution to an organization described in subparagraph (B)(i) shall be treated as a qualified charitable distribution only if a deduction for the entire distribution would be allowable under section 170 (determined without regard to subsection (b) thereof and this paragraph).

''(D) APPLICATION OF SECTION 72.—Notwithstanding section 72, in determining the extent to which a distribution is a qualified charitable distribution, the entire amount of the distribution shall be treated as includible in gross income without regard to subparagraph (A) to the extent that such amount does not exceed the aggregate amount which would have been so includible if all amounts distributed from all individual retirement plans were treated as 1 contract under paragraph (2)(A) for purposes of determining the inclusion of such distribution under section 72. Proper adjustments shall be made in applying section 72 to other distributions in such taxable year and subsequent taxable years.

''(E) DENIAL OF DEDUCTION.—Qualified charitable distributions which are not includible in gross income pursuant to subparagraph (A) shall not be taken into account in determining the deduction under section 170.

''(F) TERMINATION.—This paragraph shall not apply to distributions made in taxable years beginning after December 31, 2007.''.

(b) MODIFICATIONS RELATING TO INFORMATION RETURNS BY CERTAIN TRUSTS.—

(1) RETURNS.—Section 6034 (relating to returns by trusts described in section 4947(a)(2) or claiming charitable deductions under section 642(c)) is amended to read as follows:

''SEC. 6034. RETURNS BY CERTAIN TRUSTS.

''(a) SPLIT-INTEREST TRUSTS.—Every trust described in section 4947(a)(2) shall furnish such information with respect to the taxable year as the Secretary may by forms or regulations require.

''(b) TRUSTS CLAIMING CERTAIN CHARITABLE DEDUCTIONS.—

''(1) IN GENERAL.—Every trust not required to file a return under subsection (a) but claiming a deduction under section 642(c) for the taxable year shall furnish such information with respect to such taxable year as the Secretary may by forms or regulations prescribe, including—

''(A) the amount of the deduction taken under section 642(c) within such year,

''(B) the amount paid out within such year which represents amounts for which deductions under section 642(c) have been taken in prior years,

''(C) the amount for which such deductions have been taken in prior years but which has not been paid out at the beginning of such year,

''(D) the amount paid out of principal in the current and prior years for the purposes described in section 642(c),

''(E) the total income of the trust within such year and the expenses attributable thereto, and

''(F) a balance sheet showing the assets, liabilities, and net worth of the trust as of the beginning of such year.

''(2) EXCEPTIONS.—Paragraph (1) shall not apply to a trust for any taxable year if—

''(A) all the net income for such year, determined under the applicable principles of the law of trusts, is required to be distributed currently to the beneficiaries, or

''(B) the trust is described in section 4947(a)(1).''.

(2) INCREASE IN PENALTY RELATING TO FILING OF INFORMATION RETURN BY SPLIT-INTEREST TRUSTS.—Paragraph (2) of section 6652(c) (relating to returns by exempt organizations and by certain trusts) is amended by adding at the end the following new subparagraph:

''(C) SPLIT-INTEREST TRUSTS.—In the case of a trust which is required to file a return under section 6034(a), subparagraphs (A) and (B) of this paragraph shall not apply and paragraph (1) shall apply in the same manner as if such return were required under section 6033, except that—

''(i) the 5 percent limitation in the second sentence of paragraph (1)(A) shall not apply,

''(ii) in the case of any trust with gross income in excess of $250,000, the first sentence of paragraph (1)(A) shall be applied by substituting '$100' for '$20', and the second sentence thereof shall be applied by substituting '$50,000' for '$10,000', and

''(iii) the third sentence of paragraph (1)(A) shall be disregarded.

In addition to any penalty imposed on the trust pursuant to this subparagraph, if the person required to file such return knowingly fails to file the return, such penalty shall also be imposed on such person who shall be personally liable for such penalty.''.

(3) CONFIDENTIALITY OF NONCHARITABLE BENEFICIARIES.—Subsection (b) of section 6104 (relating to inspection of annual information returns) is amended by adding at the end the following new sentence: ''In the case of a trust which is required to file a return under section 6034(a), this subsection shall not apply to information regarding beneficiaries which are not organizations described in section 170(c).''.

(4) CLERICAL AMENDMENT.—The item in the table of sections for subpart A of part III of subchapter A of chapter 61 relating to section 6034 is amended to read as follows:

''Sec. 6034. Returns by certain trusts.''.

(c) EFFECTIVE DATES.—

(1) SUBSECTION (a).—The amendment made by subsection (a) shall apply to distributions made in taxable years beginning after December 31, 2005.

(2) SUBSECTION (b).—The amendments made by subsection (b) shall apply to returns for

taxable years beginning after December 31, 2006.

SEC. 1202. EXTENSION OF MODIFICATION OF CHARITABLE DEDUCTION FOR CONTRIBUTIONS OF FOOD INVENTORY.

(a) IN GENERAL.—Section 170(e)(3)(C)(iv) (relating to termination) is amended by striking ''2005'' and inserting ''2007''.

(b) EFFECTIVE DATE.—The amendment made by this section shall apply to contributions made after December 31, 2005.

SEC. 1203. BASIS ADJUSTMENT TO STOCK OF S CORPORATION CONTRIBUTING PROPERTY.

(a) IN GENERAL.—Paragraph (2) of section 1367(a) (relating to adjustments to basis of stock of shareholders, etc.) is amended by adding at the end the following new flush sentence:

''The decrease under subparagraph (B) by reason of a charitable contribution (as defined in section 170(c)) of property shall be the amount equal to the shareholder's pro rata share of the adjusted basis of such property. The preceding sentence shall not apply to contributions made in taxable years beginning after December 31, 2007.''.

(b) EFFECTIVE DATE.—The amendment made by this section shall apply to contributions made in taxable years beginning after December 31, 2005.

SEC. 1204. EXTENSION OF MODIFICATION OF CHARITABLE DEDUCTION FOR CONTRIBUTIONS OF BOOK INVENTORY.

(a) IN GENERAL.—Section 170(e)(3)(D)(iv) (relating to termination) is amended by striking ''2005'' and inserting ''2007''.

(b) EFFECTIVE DATE.—The amendment made by this section shall apply to contributions made after December 31, 2005.

SEC. 1205. MODIFICATION OF TAX TREATMENT OF CERTAIN PAYMENTS TO CONTROLLING EXEMPT ORGANIZATIONS.

(a) IN GENERAL.—Paragraph (13) of section 512(b) (relating to special rules for certain amounts received from controlled entities) is amended by redesignating subparagraph (E) as subparagraph (F) and by inserting after subparagraph (D) the following new subparagraph:

''(E) PARAGRAPH TO APPLY ONLY TO CERTAIN EXCESS PAYMENTS.—

''(i) IN GENERAL.—Subparagraph (A) shall apply only to the portion of a qualifying specified payment received or accrued by the controlling organization that exceeds the amount which would have been paid or accrued if such payment met the requirements prescribed under section 482.

''(ii) ADDITION TO TAX FOR VALUATION MISSTATEMENTS.—The tax imposed by this chapter on the controlling organization shall be increased by an amount equal to 20 percent of the larger of—

''(I) such excess determined without regard to any amendment or supplement to a return of tax, or

''(II) such excess determined with regard to all such amendments and supplements.

''(iii) QUALIFYING SPECIFIED PAYMENT.—The term 'qualifying specified payment' means a specified payment which is made pursuant to—

''(I) a binding written contract in effect on the date of the enactment of this subparagraph, or

''(II) a contract which is a renewal, under substantially similar terms, of a contract described in subclause (I).

''(iv) TERMINATION.—This subparagraph shall not apply to payments received or accrued after December 31, 2007.''.

(b) REPORTING.—

(1) IN GENERAL.—Section 6033 (relating to returns by exempt organizations) is amended by redesignating subsection (h) as subsection (i) and by inserting after subsection (g) the following new subsection:

''(h) CONTROLLING ORGANIZATIONS.—Each controlling organization (within the meaning of section 512(b)(13)) which is subject to the requirements of subsection (a) shall include on the return required under subsection (a)—

''(1) any interest, annuities, royalties, or rents received from each controlled entity (within the meaning of section 512(b)(13)),

''(2) any loans made to each such controlled entity, and

''(3) any transfers of funds between such controlling organization and each such controlled entity.''.

(2) REPORT TO CONGRESS.—Not later than January 1, 2009, the Secretary of the Treasury shall submit to the Committee on Finance of the Senate and the Committee on Ways and Means of the House of Representatives a report on the effectiveness of the Internal Revenue Service in administering the amendments made by subsection (a) and on the extent to which payments by controlled entities (within the meaning of section 512(b)(13) of the Internal Revenue Code of 1986) to controlling organizations (within the meaning of section 512(b)(13) of such Code) meet the requirements under section 482 of such Code. Such report shall include the results of any audit of any controlling organization or controlled entity and recommendations relating to the tax treatment of payments from controlled entities to controlling organizations.

(c) EFFECTIVE DATE.—

(1) SUBSECTION (a).—The amendments made by subsection (a) shall apply to payments received or accrued after December 31, 2005.

(2) SUBSECTION (b).—The amendments made by subsection (b) shall apply to returns the due date (determined without regard to extensions) of which is after the date of the enactment of this Act.

SEC. 1206. ENCOURAGEMENT OF CONTRIBUTIONS OF CAPITAL GAIN REAL PROPERTY MADE FOR CONSERVATION PURPOSES.

(a) IN GENERAL.—

(1) INDIVIDUALS.—Paragraph (1) of section 170(b) (relating to percentage limitations) is amended by redesignating subparagraphs (E) and (F) as subparagraphs (F) and (G), respectively, and by inserting after subparagraph (D) the following new subparagraph:

''(E) CONTRIBUTIONS OF QUALIFIED CONSERVATION CONTRIBUTIONS.—

''(i) IN GENERAL.—Any qualified conservation contribution (as defined in subsection (h)(1)) shall be allowed to the extent the aggregate of such contributions does not exceed the excess of 50 percent of the taxpayer's contribution base over the amount of all other charitable contributions allowable under this paragraph.

''(ii) CARRYOVER.—If the aggregate amount of contributions described in clause (i) exceeds the limitation of clause (i), such excess shall be treated (in a manner consistent with the rules of subsection (d)(1)) as a charitable contribution to which clause (i) applies in each of the 15 succeeding years in order of time.

''(iii) COORDINATION WITH OTHER SUBPARAGRAPHS.—For purposes of applying this subsection and subsection (d)(1), contributions described in clause (i) shall not be treated as described in subparagraph (A), (B), (C), or (D) and such subparagraphs shall apply without regard to such contributions.

''(iv) SPECIAL RULE FOR CONTRIBUTION OF PROPERTY USED IN AGRICULTURE OR LIVESTOCK PRODUCTION.—

''(I) IN GENERAL.—If the individual is a qualified farmer or rancher for the taxable year for which the contribution is made, clause (i) shall be applied by substituting '100 percent' for '50 percent'.

''(II) EXCEPTION.—Subclause (I) shall not apply to any contribution of property made after the date of the enactment of this subparagraph which is used in agriculture or livestock production (or available for such production) unless such contribution is subject to a restriction that such property remain available for such production. This subparagraph shall be applied separately with respect to property to which subclause (I) does not apply by reason of the preceding sentence prior to its application to property to which subclause (I) does apply.

''(v) DEFINITION.—For purposes of clause (iv), the term 'qualified farmer or rancher' means a taxpayer whose gross income from the trade or business of farming (within the meaning of section 2032A(e)(5)) is greater than 50 percent of the taxpayer's gross income for the taxable year.

''(vi) TERMINATION.—This subparagraph shall not apply to any contribution made in taxable years beginning after December 31, 2007.''.

(2) CORPORATIONS.—Paragraph (2) of section 170(b) is amended to read as follows:

''(2) CORPORATIONS.—In the case of a corporation—

''(A) IN GENERAL.—The total deductions under subsection (a) for any taxable year (other than for contributions to which subparagraph (B) applies) shall not exceed 10 percent of the taxpayer's taxable income.

''(B) QUALIFIED CONSERVATION CONTRIBUTIONS BY CERTAIN CORPORATE FARMERS AND RANCHERS.—

''(i) IN GENERAL.—Any qualified conservation contribution (as defined in subsection (h)(1))—

''(I) which is made by a corporation which, for the taxable year during which the contribution is made, is a qualified farmer or rancher (as defined in paragraph (1)(E)(v)) and the stock of which is not readily tradable on an established securities market at any time during such year, and

''(II) which, in the case of contributions made after the date of the enactment of this subparagraph, is a contribution of property which is used in agriculture or livestock production (or available for such production) and which is subject to a restriction that such property remain available for such production,

shall be allowed to the extent the aggregate of such contributions does not exceed the excess of the taxpayer's taxable income over the amount of charitable contributions allowable under subparagraph (A).

''(ii) CARRYOVER.—If the aggregate amount of contributions described in clause (i) exceeds the limitation of clause (i), such excess shall be treated (in a manner consistent with the rules of subsection (d)(2)) as a charitable contribution to which clause (i) applies in each of the 15 succeeding years in order of time.

''(iii) TERMINATION.—This subparagraph shall not apply to any contribution made in taxable years beginning after December 31, 2007.

''(C) TAXABLE INCOME.—For purposes of this paragraph, taxable income shall be computed without regard to—

''(i) this section,

''(ii) part VIII (except section 248),

''(iii) any net operating loss carryback to the taxable year under section 172,

''(iv) section 199, and

''(v) any capital loss carryback to the taxable year under section 1212(a)(1).''.

(b) CONFORMING AMENDMENTS.—

(1) Paragraph (2) of section 170(d) is amended by striking ''subsection (b)(2)'' each place it appears and inserting ''subsection (b)(2)(A)''.

(2) Section 545(b)(2) is amended by striking ''and (D)'' and inserting ''(D), and (E)''.

(c) EFFECTIVE DATE.—The amendments made by this section shall apply to contributions made in taxable years beginning after December 31, 2005.

SEC. 1207. EXCISE TAXES EXEMPTION FOR BLOOD COLLECTOR ORGANIZATIONS.

(a) EXEMPTION FROM IMPOSITION OF SPECIAL FUELS TAX.—Section 4041(g) (relating to other exemptions) is amended by striking ''and'' at the end of paragraph (3), by striking the period in paragraph (4) and inserting ''; and'', and by inserting after paragraph (4) the following new paragraph:

''(5) with respect to the sale of any liquid to a qualified blood collector organization (as defined in section 7701(a)(49)) for such organization's exclusive use in the collection, storage, or transportation of blood.''.

(b) EXEMPTION FROM MANUFACTURERS EXCISE TAX.—

(1) IN GENERAL.—Section 4221(a) (relating to certain tax-free sales) is amended by striking ''or'' at the end of paragraph (4), by adding ''or'' at the end of paragraph (5), and by inserting after paragraph (5) the following new paragraph:

''(6) to a qualified blood collector organization (as defined in section 7701(a)(49)) for such organization's exclusive use in the collection, storage, or transportation of blood,''.

(2) NO EXEMPTION WITH RESPECT TO VACCINES AND RECREATIONAL EQUIPMENT.—Section 4221(a) is amended by adding at the end the following new sentence: ''In the case of taxes imposed by subchapter C or D, paragraph (6) shall not apply.''.

(3) CONFORMING AMENDMENTS.—

(A) The second sentence of section 4221(a) is amended by striking ''Paragraphs (4) and (5)'' and inserting ''Paragraphs (4), (5), and (6)''.

(B) Section 6421(c) is amended by striking ''or (5)'' and inserting ''(5), or (6)''.

(c) EXEMPTION FROM COMMUNICATION EXCISE TAX.—

(1) IN GENERAL.—Section 4253 (relating to exemptions) is amended by redesignating subsection (k) as subsection (l) and inserting after subsection (j) the following new subsection:

''(k) EXEMPTION FOR QUALIFIED BLOOD COLLECTOR ORGANIZATIONS.—Under regulations provided by the Secretary, no tax shall be imposed under section 4251 on any amount paid by a qualified blood collector organization (as defined in section 7701(a)(49)) for services or facilities furnished to such organization.''.

(2) CONFORMING AMENDMENT.—Section 4253(l), as redesignated by paragraph (1), is amended by striking ''or (j)'' and inserting ''(j), or (k)''.

(d) EXEMPTION FROM TAX ON HEAVY VEHICLES.—Section 4483 is amended by redesignating subsection (h) as subsection (i) and by inserting after subsection (g) the following new subsection:

''(h) EXEMPTION FOR VEHICLES USED IN BLOOD COLLECTION.—

''(1) IN GENERAL.—No tax shall be imposed by section 4481 on the use of any qualified blood collector vehicle by a qualified blood collector organization.

''(2) QUALIFIED BLOOD COLLECTOR VEHICLE.—For purposes of this subsection, the term 'qualified blood collector vehicle' means a vehicle at least 80 percent of the use of which during the prior taxable period was by a qualified blood collector organization in the collection, storage, or transportation of blood.

''(3) SPECIAL RULE FOR VEHICLES FIRST PLACED IN SERVICE IN A TAXABLE PERIOD.—In the case of a vehicle first placed in service in a taxable period, a vehicle shall be treated as a qualified blood collector vehicle for such taxable period if such qualified blood collector organization certifies to the Secretary that the organization reasonably expects at least 80 percent of the use of such vehicle by the organization during such taxable period will be in the collection, storage, or transportation of blood.

''(4) QUALIFIED BLOOD COLLECTOR ORGANIZATION.—The term 'qualified blood collector organization' has the meaning given such term by section 7701(a)(49).''.

(e) CREDIT OR REFUND FOR CERTAIN TAXES ON SALES AND SERVICES.—

(1) DEEMED OVERPAYMENT.—

(A) IN GENERAL.—Section 6416(b)(2) is amended by redesignating subparagraphs (E) and (F) as subparagraphs (F) and (G), respectively, and by inserting after subparagraph (D) the following new subparagraph:

''(E) sold to a qualified blood collector organization (as defined in section 7701(a)(49)) for such organization's exclusive use in the collection, storage, or transportation of blood;''.

(B) NO CREDIT OR REFUND FOR VACCINES OR RECREATIONAL EQUIPMENT.—Section 6416(b)(2) is amended by adding at the end the following new sentence: ''In the case of taxes imposed by subchapter C or D of chapter 32, subparagraph (E) shall not apply.''.

(C) CONFORMING AMENDMENTS.—Section 6416(b)(2) is amended—

(i) by striking ''Subparagraphs (C) and (D)'' in the second sentence and inserting ''Subparagraphs (C), (D), and (E)''.

(ii) by striking ''(B), (C), and (D)'' and inserting ''(B), (C), (D), and (E)''.

(2) SALES OF TIRES.—Section 6416(b)(4)(B) is amended by striking ''or'' at the end of clause (i), by striking the period at the end of clause (ii) and inserting '', or'', and by adding after clause (ii) the following:

''(iii) sold to a qualified blood collector organization for its exclusive use in connection with a vehicle the organization certifies will be primarily used in the collection, storage, or transportation of blood.''.

(f) DEFINITION OF QUALIFIED BLOOD COLLECTOR ORGANIZATION.—Section 7701(a) is amended by inserting at the end the following new paragraph:

''(49) QUALIFIED BLOOD COLLECTOR ORGANIZATION.—The term 'qualified blood collector organization' means an organization which is—

''(A) described in section 501(c)(3) and exempt from tax under section 501(a),

''(B) primarily engaged in the activity of the collection of human blood,

''(C) registered with the Secretary for purposes of excise tax exemptions, and

''(D) registered by the Food and Drug Administration to collect blood.''.

(g) EFFECTIVE DATE.—

(1) IN GENERAL.—The amendments made by this section shall take effect on January 1, 2007.

(2) SUBSECTION (d).—The amendment made by subsection (d) shall apply to taxable periods beginning on or after July 1, 2007.

Subtitle B—Reforming Exempt Organizations

PART 1—GENERAL REFORMS

SEC. 1211. REPORTING ON CERTAIN ACQUISITIONS OF INTERESTS IN INSURANCE CONTRACTS IN WHICH CERTAIN EXEMPT ORGANIZATIONS HOLD AN INTEREST.

(a) REPORTING REQUIREMENTS.—

(1) IN GENERAL.—Subpart B of part III of subchapter A of chapter 61 (relating to information concerning transactions with other persons), as amended by this Act, is amended by adding at the end the following new section:

''SEC. 6050V. RETURNS RELATING TO APPLICABLE INSURANCE CONTRACTS IN WHICH CERTAIN EXEMPT ORGANIZATIONS HOLD INTERESTS.

''(a) IN GENERAL.—Each applicable exempt organization which makes a reportable acquisition shall make the return described in subsection (c).

''(b) TIME FOR MAKING RETURN.—Any applicable exempt organization required to make a return under subsection (a) shall file such return at such time as may be established by the Secretary.

''(c) FORM AND MANNER OF RETURNS.—A return is described in this subsection if such return—

''(1) is in such form as the Secretary prescribes,

''(2) contains the name, address, and taxpayer identification number of the applicable exempt organization and the issuer of the applicable insurance contract, and

''(3) contains such other information as the Secretary may prescribe.

''(d) DEFINITIONS.—For purposes of this section—

''(1) REPORTABLE ACQUISITION.—The term 'reportable acquisition' means the acquisition by an applicable exempt organization of a direct or indirect interest in any applicable insurance contract in any case in which such acquisition is a part of a structured transaction involving a pool of such contracts.

''(2) APPLICABLE INSURANCE CONTRACT.—

''(A) IN GENERAL.—The term 'applicable insurance contract' means any life insurance, annuity, or endowment contract with respect to which both an applicable exempt organization and a person other than an applicable exempt organization have directly or indirectly held an interest in the contract (whether or not at the same time).

''(B) EXCEPTIONS.—Such term shall not include a life insurance, annuity, or endowment contract if—

''(i) all persons directly or indirectly holding any interest in the contract (other than applicable exempt organizations) have an insurable interest in the insured under the contract independent of any interest of an applicable exempt organization in the contract,

''(ii) the sole interest in the contract of an applicable exempt organization or each person other than an applicable exempt organization is as a named beneficiary, or

''(iii) the sole interest in the contract of each person other than an applicable exempt organization is—

''(I) as a beneficiary of a trust holding an interest in the contract, but only if the person's designation as such beneficiary was made without consideration and solely on a purely gratuitous basis, or

''(II) as a trustee who holds an interest in the contract in a fiduciary capacity solely for the benefit of applicable exempt organizations or persons otherwise described in subclause (I) or clause (i) or (ii).

''(3) APPLICABLE EXEMPT ORGANIZATION.—The term 'applicable exempt organization' means—

''(A) an organization described in section 170(c),

''(B) an organization described in section 168(h)(2)(A)(iv), or

''(C) an organization not described in paragraph (1) or (2) which is described in section 2055(a) or section 2522(a).

''(e) TERMINATION.—This section shall not apply to reportable acquisitions occurring after the date which is 2 years after the date of the enactment of this section.''.

(2) CONFORMING AMENDMENT.—The table of sections for subpart B of part III of subchapter A of chapter 61 is amended by adding at the end the following new item:

''Sec. 6050V. Returns relating to applicable insurance contracts in which certain exempt organizations hold interests.''.

(b) PENALTIES.—

(1) IN GENERAL.—Subparagraph (B) of section 6724(d)(1), as amended by this Act, is amended by redesignating clauses (xiv) through (xix) as clauses (xv) through (xx) and by inserting after clause (xiii) the following new clause:

''(xiv) section 6050V (relating to returns relating to applicable insurance contracts in which certain exempt organizations hold interests),''.

(2) INTENTIONAL DISREGARD.—Section 6721(e)(2) is amended by striking ''or'' at the end of subparagraph (B), by striking ''and'' at the end of subparagraph (C) and inserting ''or'', and by adding at the end the following new subparagraph:

''(D) in the case of a return required to be filed under section 6050V, 10 percent of the value of the benefit of any contract with respect to which information is required to be included on the return, and''.

(c) STUDY.—

(1) IN GENERAL.—The Secretary of the Treasury shall undertake a study on—

(A) the use by tax exempt organizations of applicable insurance contracts (as defined under section 6050V(d)(2) of the Internal Revenue Code of 1986, as added by subsection (a)) for the purpose of sharing the benefits of the organization's insurable interest in individuals insured under such contracts with investors, and

(B) whether such activities are consistent with the tax exempt status of such organizations.

(2) REPORT.—Not later than 30 months after the date of the enactment of this Act, the Secretary of the Treasury shall report on the study conducted under paragraph (1) to the Committee on Finance of the Senate and the Committee on Ways and Means of the House of Representatives.

(d) EFFECTIVE DATE.—The amendments made by this section shall apply to acquisitions of contracts after the date of enactment of this Act.

SEC. 1212. INCREASE IN PENALTY EXCISE TAXES RELATING TO PUBLIC CHARITIES, SOCIAL WELFARE ORGANIZATIONS, AND PRIVATE FOUNDATIONS.

(a) TAXES ON SELF-DEALING AND EXCESS BENEFIT TRANSACTIONS.—

(1) IN GENERAL.—Section 4941(a) (relating to initial taxes) is amended—

(A) in paragraph (1), by striking ''5 percent'' and inserting ''10 percent'', and

(B) in paragraph (2), by striking ''2½ percent'' and inserting ''5 percent''.

(2) INCREASED LIMITATION FOR MANAGERS ON SELF-DEALING.—Section 4941(c)(2) is amended by striking ''$10,000'' each place it appears in the text and heading thereof and inserting ''$20,000''.

(3) INCREASED LIMITATION FOR MANAGERS ON EXCESS BENEFIT TRANSACTIONS.—Section 4958(d)(2) is amended by striking ''$10,000'' and inserting ''$20,000''.

(b) TAXES ON FAILURE TO DISTRIBUTE INCOME.—Section 4942(a) (relating to initial tax) is amended by striking ''15 percent'' and inserting ''30 percent''.

(c) TAXES ON EXCESS BUSINESS HOLDINGS.—Section 4943(a)(1) (relating to imposition) is amended by striking ''5 percent'' and inserting ''10 percent''.

(d) TAXES ON INVESTMENTS WHICH JEOPARDIZE CHARITABLE PURPOSE.—

(1) IN GENERAL.—Section 4944(a) (relating to initial taxes) is amended by striking ''5 percent'' both places it appears and inserting ''10 percent''.

(2) INCREASED LIMITATION FOR MANAGERS.—Section 4944(d)(2) is amended—

(A) by striking ''$5,000,'' and inserting ''$10,000,'', and

(B) by striking ''$10,000.'' and inserting ''$20,000.''.

(e) TAXES ON TAXABLE EXPENDITURES.—

(1) IN GENERAL.—Section 4945(a) (relating to initial taxes) is amended—

(A) in paragraph (1), by striking ''10 percent'' and inserting ''20 percent'', and

(B) in paragraph (2), by striking ''2½ percent'' and inserting ''5 percent''.

(2) INCREASED LIMITATION FOR MANAGERS.—Section 4945(c)(2) is amended—

(A) by striking ''$5,000,'' and inserting ''$10,000,'', and

(B) by striking ''$10,000.'' and inserting ''$20,000.''.

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

SEC. 1213. REFORM OF CHARITABLE CONTRIBUTIONS OF CERTAIN EASEMENTS IN REGISTERED HISTORIC DISTRICTS AND REDUCED DEDUCTION FOR PORTION OF QUALIFIED CONSERVATION CONTRIBUTION ATTRIBUTABLE TO REHABILITATION CREDIT.

(a) SPECIAL RULES WITH RESPECT TO BUILDINGS IN REGISTERED HISTORIC DISTRICTS.—

(1) IN GENERAL.—Paragraph (4) of section 170(h) (relating to definition of conservation purpose) is amended by redesignating subparagraph (B) as subparagraph (C) and by inserting after subparagraph (A) the following new subparagraph:

''(B) SPECIAL RULES WITH RESPECT TO BUILDINGS IN REGISTERED HISTORIC DISTRICTS.—In the case of any contribution of a qualified real property interest which is a restriction with respect to the exterior of a building described in subparagraph (C)(ii), such contribution shall not be considered to be exclusively for conservation purposes unless—

''(i) such interest—

''(I) includes a restriction which preserves the entire exterior of the building (including the front, sides, rear, and height of the building), and

''(II) prohibits any change in the exterior of the building which is inconsistent with the historical character of such exterior,

''(ii) the donor and donee enter into a written agreement certifying, under penalty of perjury, that the donee—

''(I) is a qualified organization (as defined in paragraph (3)) with a purpose of environmental protection, land conservation, open space preservation, or historic preservation, and

''(II) has the resources to manage and enforce the restriction and a commitment to do so, and

''(iii) in the case of any contribution made in a taxable year beginning after the date of the enactment of this subparagraph, the taxpayer includes with the taxpayer's return for the taxable year of the contribution—

''(I) a qualified appraisal (within the meaning of subsection (f)(11)(E)) of the qualified property interest,

''(II) photographs of the entire exterior of the building, and

''(III) a description of all restrictions on the development of the building.''.

(b) DISALLOWANCE OF DEDUCTION FOR STRUCTURES AND LAND IN REGISTERED HISTORIC DISTRICTS.—Subparagraph (C) of section 170(h)(4), as redesignated by subsection (a), is amended—

(1) by striking ''any building, structure, or land area which'',

(2) by inserting ''any building, structure, or land area which'' before ''is listed'' in clause (i), and

(3) by inserting ''any building which'' before ''is located'' in clause (ii).

(c) FILING FEE FOR CERTAIN CONTRIBUTIONS.—Subsection (f) of section 170 (relating to disallowance of deduction in certain cases and special rules) is amended by adding at the end the following new paragraph:

''(13) CONTRIBUTIONS OF CERTAIN INTERESTS IN BUILDINGS LOCATED IN REGISTERED HISTORIC DISTRICTS.—

''(A) IN GENERAL.—No deduction shall be allowed with respect to any contribution described in subparagraph (B) unless the taxpayer includes with the return for the taxable year of the contribution a $500 filing fee.

''(B) CONTRIBUTION DESCRIBED.—A contribution is described in this subparagraph if such contribution is a qualified conservation contribution (as defined in subsection (h)) which is a restriction with respect to the exterior of a building described in subsection (h)(4)(C)(ii) and for which a deduction is claimed in excess of $10,000.

''(C) DEDICATION OF FEE.—Any fee collected under this paragraph shall be used for the enforcement of the provisions of subsection (h).''.

(d) REDUCED DEDUCTION FOR PORTION OF QUALIFIED CONSERVATION CONTRIBUTION ATTRIBUTABLE TO THE REHABILITATION CREDIT.—Subsection (f) of section 170, as amended by subsection (c), is amended by adding at the end the following new paragraph:

''(14) REDUCTION FOR AMOUNTS ATTRIBUTABLE TO REHABILITATION CREDIT.—In the case of any qualified conservation contribution (as defined in subsection (h)), the amount of the deduction allowed under this section shall be reduced by an amount which bears the same ratio to the fair market value of the contribution as—

''(A) the sum of the credits allowed to the taxpayer under section 47 for the 5 preceding taxable years with respect to any building which is a part of such contribution, bears to

''(B) the fair market value of the building on the date of the contribution.''.

(e) EFFECTIVE DATES.—

(1) SPECIAL RULES FOR BUILDINGS IN REGISTERED HISTORIC DISTRICTS.—The amendments made by subsection (a) shall apply to contributions made after July 25, 2006.

(2) DISALLOWANCE OF DEDUCTION FOR STRUCTURES AND LAND; REDUCTION FOR REHABILITATION CREDIT.—The amendments made by subsections (b) and (d) shall apply to contributions made after the date of the enactment of this Act.

(3) FILING FEE.—The amendment made by subsection (c) shall apply to contributions made 180 days after the date of the enactment of this Act.

SEC. 1214. CHARITABLE CONTRIBUTIONS OF TAXIDERMY PROPERTY.

(a) DENIAL OF LONG-TERM CAPITAL GAIN.—Subparagraph (B) of section 170(e)(1) is amended by striking ''or'' at the end of clause (ii), by inserting ''or'' at the end of clause (iii), and by inserting after clause (iii) the following new clause:

''(iv) of any taxidermy property which is contributed by the person who prepared, stuffed, or mounted the property or by any person who paid or incurred the cost of such preparation, stuffing, or mounting,''.

(b) TREATMENT OF BASIS.—Subsection (f) of section 170, as amended by this Act, is amended by adding at the end the following new paragraph:

''(15) SPECIAL RULE FOR TAXIDERMY PROPERTY.—

''(A) BASIS.—For purposes of this section and notwithstanding section 1012, in the case of a charitable contribution of taxidermy property which is made by the person who prepared, stuffed, or mounted the property or by any person who paid or incurred the cost of such preparation, stuffing, or mounting, only the cost of the preparing, stuffing,

or mounting shall be included in the basis of such property.

''(B) TAXIDERMY PROPERTY.—For purposes of this section, the term 'taxidermy property' means any work of art which—

''(i) is the reproduction or preservation of an animal, in whole or in part,

''(ii) is prepared, stuffed, or mounted for purposes of recreating one or more characteristics of such animal, and

''(iii) contains a part of the body of the dead animal.''.

(c) EFFECTIVE DATE.—The amendment made by this section shall apply to contributions made after July 25, 2006.

SEC. 1215. RECAPTURE OF TAX BENEFIT FOR CHARITABLE CONTRIBUTIONS OF EXEMPT USE PROPERTY NOT USED FOR AN EXEMPT USE.

(a) RECAPTURE OF DEDUCTION ON CERTAIN SALES OF EXEMPT USE PROPERTY.—

(1) IN GENERAL.—Clause (i) of section 170(e)(1)(B) (related to certain contributions of ordinary income and capital gain property) is amended to read as follows:

''(i) of tangible personal property—

''(I) if the use by the donee is unrelated to the purpose or function constituting the basis for its exemption under section 501 (or, in the case of a governmental unit, to any purpose or function described in subsection (c)), or

''(II) which is applicable property (as defined in paragraph (7)(C)) which is sold, exchanged, or otherwise disposed of by the donee before the last day of the taxable year in which the contribution was made and with respect to which the donee has not made a certification in accordance with paragraph (7)(D),''.

(2) DISPOSITIONS AFTER CLOSE OF TAXABLE YEAR.—Section 170(e) is amended by adding at the end the following new paragraph:

''(7) RECAPTURE OF DEDUCTION ON CERTAIN DISPOSITIONS OF EXEMPT USE PROPERTY.—

''(A) IN GENERAL.—In the case of an applicable disposition of applicable property, there shall be included in the income of the donor of such property for the taxable year of such donor in which the applicable disposition occurs an amount equal to the excess (if any) of—

''(i) the amount of the deduction allowed to the donor under this section with respect to such property, over

''(ii) the donor's basis in such property at the time such property was contributed.

''(B) APPLICABLE DISPOSITION.—For purposes of this paragraph, the term 'applicable disposition' means any sale, exchange, or other disposition by the donee of applicable property—

''(i) after the last day of the taxable year of the donor in which such property was contributed, and

''(ii) before the last day of the 3-year period beginning on the date of the contribution of such property,

unless the donee makes a certification in accordance with subparagraph (D).

''(C) APPLICABLE PROPERTY.—For purposes of this paragraph, the term 'applicable property' means charitable deduction property (as defined in section 6050L(a)(2)(A))—

''(i) which is tangible personal property the use of which is identified by the donee as related to the purpose or function constituting the basis of the donee's exemption under section 501, and

''(ii) for which a deduction in excess of the donor's basis is allowed.

''(D) CERTIFICATION.—A certification meets the requirements of this subparagraph if it is a written statement which is signed under penalty of perjury by an officer of the donee organization and—

''(i) which—

''(I) certifies that the use of the property by the donee was related to the purpose or function constituting the basis for the donee's exemption under section 501, and

''(II) describes how the property was used and how such use furthered such purpose or function, or

''(ii) which—

''(I) states the intended use of the property by the donee at the time of the contribution, and

''(II) certifies that such intended use has become impossible or infeasible to implement.''.

(b) REPORTING REQUIREMENTS.—Paragraph (1) of section 6050L(a) (relating to returns relating to certain dispositions of donated property) is amended—

(1) by striking ''2 years'' and inserting ''3 years'', and

(2) by striking ''and'' at the end of subparagraph (D), by striking the period at the end of subparagraph (E) and inserting a comma, and by inserting at the end the following:

''(F) a description of the donee's use of the property, and

''(G) a statement indicating whether the use of the property was related to the purpose or function constituting the basis for the donee's exemption under section 501.

In any case in which the donee indicates that the use of applicable property (as defined in section 170(e)(7)(C)) was related to the purpose or function constituting the basis for the exemption of the donee under section 501 under subparagraph (G), the donee shall include with the return the certification described in section 170(e)(7)(D) if such certification is made under section 170(e)(7).''.

(c) PENALTY.—

(1) IN GENERAL.—Part I of subchapter B of chapter 68 (relating to assessable penalties) is amended by inserting after section 6720A the following new section:

''SEC. 6720B. FRAUDULENT IDENTIFICATION OF EXEMPT USE PROPERTY.

''In addition to any criminal penalty provided by law, any person who identifies applicable property (as defined in section 170(e)(7)(C)) as having a use which is related to a purpose or function constituting the basis for the donee's exemption under section 501 and who knows that such property is not intended for such a use shall pay a penalty of $10,000.''.

(2) CLERICAL AMENDMENT.—The table of sections for part I of subchapter B of chapter 68 is amended by adding after the item relating to section 6720A the following new item:

''Sec. 6720B. Fraudulent identification of exempt use property.''.

(d) EFFECTIVE DATE.—

(1) RECAPTURE.—The amendments made by subsection (a) shall apply to contributions after September 1, 2006.

(2) REPORTING.—The amendments made by subsection (b) shall apply to returns filed after September 1, 2006.

(3) PENALTY.—The amendments made by subsection (c) shall apply to identifications made after the date of the enactment of this Act.

SEC. 1216. LIMITATION OF DEDUCTION FOR CHARITABLE CONTRIBUTIONS OF CLOTHING AND HOUSEHOLD ITEMS.

(a) IN GENERAL.—Subsection (f) of section 170, as amended by this Act, is amended by adding at the end the following new paragraph:

''(16) CONTRIBUTIONS OF CLOTHING AND HOUSEHOLD ITEMS.—

''(A) IN GENERAL.—In the case of an individual, partnership, or corporation, no deduction shall be allowed under subsection (a) for any contribution of clothing or a household item unless such clothing or household item is in good used condition or better.

''(B) ITEMS OF MINIMAL VALUE.—Notwithstanding subparagraph (A), the Secretary may by regulation deny a deduction under subsection (a) for any contribution of clothing or a household item which has minimal monetary value.

''(C) EXCEPTION FOR CERTAIN PROPERTY.—Subparagraphs (A) and (B) shall not apply to any contribution of a single item of clothing or a household item for which a deduction of more than $500 is claimed if the taxpayer includes with the taxpayer's return a qualified appraisal with respect to the property.

''(D) HOUSEHOLD ITEMS.—For purposes of this paragraph—

''(i) IN GENERAL.—The term 'household items' includes furniture, furnishings, electronics, appliances, linens, and other similar items.

''(ii) EXCLUDED ITEMS.—Such term does not include—

''(I) food,

''(II) paintings, antiques, and other objects of art,

''(III) jewelry and gems, and

''(IV) collections.

''(E) SPECIAL RULE FOR PASS-THRU ENTITIES.—In the case of a partnership or S corporation, this paragraph shall be applied at the entity level, except that the deduction shall be denied at the partner or shareholder level.''.

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

SEC. 1217. MODIFICATION OF RECORDKEEPING REQUIREMENTS FOR CERTAIN CHARITABLE CONTRIBUTIONS.

(a) RECORDKEEPING REQUIREMENT.—Subsection (f) of section 170, as amended by this Act, is amended by adding at the end the following new paragraph:

''(17) RECORDKEEPING.—No deduction shall be allowed under subsection (a) for any contribution of a cash, check, or other monetary gift unless the donor maintains as a record of such contribution a bank record or a written communication from the donee showing the name of the donee organization, the date of the contribution, and the amount of the contribution.''.

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

SEC. 1218. CONTRIBUTIONS OF FRACTIONAL INTERESTS IN TANGIBLE PERSONAL PROPERTY.

(a) INCOME TAX.—Section 170 (relating to charitable, etc., contributions and gifts) is amended by redesignating subsection (o) as subsection (p) and by inserting after subsection (n) the following new subsection:

''(o) SPECIAL RULES FOR FRACTIONAL GIFTS.—

''(1) DENIAL OF DEDUCTION IN CERTAIN CASES.—

''(A) IN GENERAL.—No deduction shall be allowed for a contribution of an undivided portion of a taxpayer's entire interest in tangible personal property unless all interest in the property is held immediately before such contribution by—

''(i) the taxpayer, or

''(ii) the taxpayer and the donee.

''(B) EXCEPTIONS.—The Secretary may, by regulation, provide for exceptions to subparagraph (A) in cases where all persons who hold an interest in the property make proportional contributions of an undivided portion of the entire interest held by such persons.

''(2) VALUATION OF SUBSEQUENT GIFTS.—In the case of any additional contribution, the fair market value of such contribution shall be determined by using the lesser of—

''(A) the fair market value of the property at the time of the initial fractional contribution, or

''(B) the fair market value of the property at the time of the additional contribution.

''(3) RECAPTURE OF DEDUCTION IN CERTAIN CASES; ADDITION TO TAX.—

''(A) RECAPTURE.—The Secretary shall provide for the recapture of the amount of any deduction allowed under this section (plus interest) with respect to any contribution of an undivided portion of a taxpayer's entire interest in tangible personal property—

''(i) in any case in which the donor does not contribute all of the remaining interest in such property to the donee (or, if such donee is no longer in existence, to any person described in section 170(c)) before the earlier of—

''(I) the date that is 10 years after the date of the initial fractional contribution, or

''(II) the date of the death of the donor, and

''(ii) in any case in which the donee has not, during the period beginning on the date of the initial fractional contribution and ending on the date described in clause (i)—

''(I) had substantial physical possession of the property, and

''(II) used the property in a use which is related to a purpose or function constituting the basis for the organizations' exemption under section 501.

''(B) ADDITION TO TAX.—The tax imposed under this chapter for any taxable year for which there is a recapture under subparagraph (A) shall be increased by 10 percent of the amount so recaptured.

''(4) DEFINITIONS.—For purposes of this subsection—

''(A) ADDITIONAL CONTRIBUTION.—The term 'additional contribution' means any charitable contribution by the taxpayer of any interest in property with respect to which the taxpayer has previously made an initial fractional contribution.

''(B) INITIAL FRACTIONAL CONTRIBUTION.—The term 'initial fractional contribution' means, with respect to any taxpayer, the first charitable contribution of an undivided portion of the taxpayer's entire interest in any tangible personal property.''.

(b) ESTATE TAX.—Section 2055 (relating to transfers for public, charitable, and religious uses) is amended by redesignating subsection (g) as subsection (h) and by inserting after subsection (f) the following new subsection:

''(g) VALUATION OF SUBSEQUENT GIFTS.—

''(1) IN GENERAL.—In the case of any additional contribution, the fair market value of such contribution shall be determined by using the lesser of—

''(A) the fair market value of the property at the time of the initial fractional contribution, or

''(B) the fair market value of the property at the time of the additional contribution.

''(2) DEFINITIONS.—For purposes of this paragraph—

''(A) ADDITIONAL CONTRIBUTION.—The term 'additional contribution' means a bequest, legacy, devise, or transfer described in subsection (a) of any interest in a property with respect to which the decedent had previously made an initial fractional contribution.

''(B) INITIAL FRACTIONAL CONTRIBUTION.—The term 'initial fractional contribution' means, with respect to any decedent, any charitable contribution of an undivided portion of the decedent's entire interest in any tangible personal property for which a deduction was allowed under section 170.''.

(c) GIFT TAX.—Section 2522 (relating to charitable and similar gifts) is amended by redesignating subsection (e) as subsection (f) and by inserting after subsection (d) the following new subsection:

''(e) SPECIAL RULES FOR FRACTIONAL GIFTS.—

''(1) DENIAL OF DEDUCTION IN CERTAIN CASES.—

''(A) IN GENERAL.—No deduction shall be allowed for a contribution of an undivided portion of a taxpayer's entire interest in tangible personal property unless all interest in the property is held immediately before such contribution by—

''(i) the taxpayer, or

''(ii) the taxpayer and the donee.

''(B) EXCEPTIONS.—The Secretary may, by regulation, provide for exceptions to subparagraph (A) in cases where all persons who hold an interest in the property make proportional contributions of an undivided portion of the entire interest held by such persons.

''(2) VALUATION OF SUBSEQUENT GIFTS.—In the case of any additional contribution, the fair market value of such contribution shall be determined by using the lesser of—

''(A) the fair market value of the property at the time of the initial fractional contribution, or

''(B) the fair market value of the property at the time of the additional contribution.

''(3) RECAPTURE OF DEDUCTION IN CERTAIN CASES; ADDITION TO TAX.—

''(A) IN GENERAL.—The Secretary shall provide for the recapture of an amount equal to any deduction allowed under this section (plus interest) with respect to any contribution of an undivided portion of a taxpayer's entire interest in tangible personal property—

''(i) in any case in which the donor does not contribute all of the remaining interest in such property to the donee (or, if such donee is no longer in existence, to any person described in section 170(c)) before the earlier of—

''(I) the date that is 10 years after the date of the initial fractional contribution, or

''(II) the date of the death of the donor, and

''(ii) in any case in which the donee has not, during the period beginning on the date of the initial fractional contribution and ending on the date described in clause (i)—

''(I) had substantial physical possession of the property, and

''(II) used the property in a use which is related to a purpose or function constituting the basis for the organizations' exemption under section 501.

''(B) ADDITION TO TAX.—The tax imposed under this chapter for any taxable year for which there is a recapture under subparagraph (A) shall be increased by 10 percent of the amount so recaptured.

''(4) DEFINITIONS.—For purposes of this subsection—

''(A) ADDITIONAL CONTRIBUTION.—The term 'additional contribution' means any gift for which a deduction is allowed under subsection (a) or (b) of any interest in a property with respect to which the donor has previously made an initial fractional contribution.

''(B) INITIAL FRACTIONAL CONTRIBUTION.—The term 'initial fractional contribution' means, with respect to any donor, the first gift of an undivided portion of the donor's entire interest in any tangible personal property for which a deduction is allowed under subsection (a) or (b).''.

(d) EFFECTIVE DATE.—The amendments made by this section shall apply to contributions, bequests, and gifts made after the date of the enactment of this Act.

SEC. 1219. PROVISIONS RELATING TO SUBSTANTIAL AND GROSS OVERSTATEMENTS OF VALUATIONS.

(a) MODIFICATION OF THRESHOLDS FOR SUBSTANTIAL AND GROSS VALUATION MISSTATEMENTS.—

(1) SUBSTANTIAL VALUATION MISSTATEMENT.—

(A) INCOME TAXES.—Subparagraph (A) of section 6662(e)(1) (relating to substantial valuation misstatement under chapter 1) is amended by striking ''200 percent'' and inserting ''150 percent''.

(B) ESTATE AND GIFT TAXES.—Paragraph (1) of section 6662(g) is amended by striking ''50 percent'' and inserting ''65 percent''.

(2) GROSS VALUATION MISSTATEMENT.—

(A) INCOME TAXES.—Clauses (i) and (ii) of section 6662(h)(2)(A) (relating to increase in penalty in case of gross valuation misstatements) are amended to read as follows:

''(i) in paragraph (1)(A), '200 percent' for '150 percent',

''(ii) in paragraph (1)(B)(i)—

''(I) '400 percent' for '200 percent', and

''(II) '25 percent' for '50 percent', and''.

(B) ESTATE AND GIFT TAXES.—Subparagraph (C) of section 6662(h)(2) is amended by striking ''µ1A'25 percent' for '50 percent'µ1A'' and inserting ''µ1A'40 percent' for '65 percent'µ1A''.

(3) ELIMINATION OF REASONABLE CAUSE EXCEPTION FOR GROSS MISSTATEMENTS.—Section 6664(c)(2) (relating to reasonable cause exception for underpayments) is amended by striking ''paragraph (1) shall not apply unless'' and inserting ''paragraph (1) shall not apply. The preceding sentence shall not apply to a substantial valuation overstatement under chapter 1 if''.

(b) PENALTY ON APPRAISERS WHOSE APPRAISALS RESULT IN SUBSTANTIAL OR GROSS VALUATION MISSTATEMENTS.—

(1) IN GENERAL.—Part I of subchapter B of chapter 68 (relating to assessable penalties) is amended by inserting after section 6695 the following new section:

''SEC. 6695A. SUBSTANTIAL AND GROSS VALUATION MISSTATEMENTS ATTRIBUTABLE TO INCORRECT APPRAISALS.

''(a) IMPOSITION OF PENALTY.—If—

''(1) a person prepares an appraisal of the value of property and such person knows, or reasonably should have known, that the appraisal would be used in connection with a return or a claim for refund, and

''(2) the claimed value of the property on a return or claim for refund which is based on such appraisal results in a substantial valuation misstatement under chapter 1 (within the meaning of section 6662(e)), or a gross valuation misstatement (within the meaning of section 6662(h)), with respect to such property, then such person shall pay a penalty in the amount determined under subsection (b).

''(b) AMOUNT OF PENALTY.—The amount of the penalty imposed under subsection (a) on any person with respect to an appraisal shall be equal to the lesser of—

''(1) the greater of—

''(A) 10 percent of the amount of the underpayment (as defined in section 6664(a)) attributable to the misstatement described in subsection (a)(2), or

''(B) $1,000, or

''(2) 125 percent of the gross income received by the person described in subsection (a)(1) from the preparation of the appraisal.

''(c) EXCEPTION.—No penalty shall be imposed under subsection (a) if the person establishes to the satisfaction of the Secretary that the value established in the appraisal was more likely than not the proper value.''.

(2) RULES APPLICABLE TO PENALTY.—Section 6696 (relating to rules applicable with respect to sections 6694 and 6695) is amended—

(A) by striking ''6694 and 6695'' each place it appears in the text and heading thereof and inserting ''6694, 6695, and 6695A'', and

(B) by striking ''6694 or 6695'' each place it appears in the text and inserting ''6694, 6695, or 6695A''.

(3) CONFORMING AMENDMENT.—The table of sections for part I of subchapter B of chapter

68 is amended by striking the item relating to section 6696 and inserting the following new items:

''Sec. 6695A. Substantial and gross valuation misstatements attributable to incorrect appraisals.

''Sec. 6696. Rules applicable with respect to sections 6694, 6695, and 6695A.''.

(c) QUALIFIED APPRAISERS AND APPRAISALS.—

(1) IN GENERAL.—Subparagraph (E) of section 170(f)(11) is amended to read as follows:

''(E) QUALIFIED APPRAISAL AND APPRAISER.—For purposes of this paragraph—

''(i) QUALIFIED APPRAISAL.—The term 'qualified appraisal' means, with respect to any property, an appraisal of such property which—

''(I) is treated for purposes of this paragraph as a qualified appraisal under regulations or other guidance prescribed by the Secretary, and

''(II) is conducted by a qualified appraiser in accordance with generally accepted appraisal standards and any regulations or other guidance prescribed under subclause (I).

''(ii) QUALIFIED APPRAISER.—Except as provided in clause (iii), the term 'qualified appraiser' means an individual who—

''(I) has earned an appraisal designation from a recognized professional appraiser organization or has otherwise met minimum education and experience requirements set forth in regulations prescribed by the Secretary,

''(II) regularly performs appraisals for which the individual receives compensation, and

''(III) meets such other requirements as may be prescribed by the Secretary in regulations or other guidance.

''(iii) SPECIFIC APPRAISALS.—An individual shall not be treated as a qualified appraiser with respect to any specific appraisal unless—

''(I) the individual demonstrates verifiable education and experience in valuing the type of property subject to the appraisal, and

''(II) the individual has not been prohibited from practicing before the Internal Revenue Service by the Secretary under section 330(c) of title 31, United States Code, at any time during the 3-year period ending on the date of the appraisal.''.

(2) REASONABLE CAUSE EXCEPTION.—Subparagraphs (B) and (C) of section 6664(c)(3) are amended to read as follows:

''(B) QUALIFIED APPRAISAL.—The term 'qualified appraisal' has the meaning given such term by section 170(f)(11)(E)(i).

''(C) QUALIFIED APPRAISER.—The term 'qualified appraiser' has the meaning given such term by section 170(f)(11)(E)(ii).''.

(d) DISCIPLINARY ACTIONS AGAINST APPRAISERS.—Section 330(c) of title 31, United States Code, is amended by striking ''with respect to whom a penalty has been assessed under section 6701(a) of the Internal Revenue Code of 1986''.

(e) EFFECTIVE DATES.—

(1) MISSTATEMENT PENALTIES.—Except as provided in paragraph (3), the amendments made by subsection (a) shall apply to returns filed after the date of the enactment of this Act.

(2) APPRAISER PROVISIONS.—Except as provided in paragraph (3), the amendments made by subsections (b), (c), and (d) shall apply to appraisals prepared with respect to returns or submissions filed after the date of the enactment of this Act.

(3) SPECIAL RULE FOR CERTAIN EASEMENTS.—In the case of a contribution of a qualified real property interest which is a restriction with respect to the exterior of a building described in section 170(h)(4)(C)(ii) of the Internal Revenue Code of 1986, and an appraisal with respect to the contribution, the amendments made by subsections (a) and (b) shall apply to returns filed after July 25, 2006.

SEC. 1220. ADDITIONAL STANDARDS FOR CREDIT COUNSELING ORGANIZATIONS.

(a) IN GENERAL.—Section 501 (relating to exemption from tax on corporations, certain trusts, etc.) is amended by redesignating subsection (q) as subsection (r) and by inserting after subsection (p) the following new subsection:

''(q) SPECIAL RULES FOR CREDIT COUNSELING ORGANIZATIONS.—

''(1) IN GENERAL.—An organization with respect to which the provision of credit counseling services is a substantial purpose shall not be exempt from tax under subsection (a) unless such organization is described in paragraph (3) or (4) of subsection (c) and such organization is organized and operated in accordance with the following requirements:

''(A) The organization—

''(i) provides credit counseling services tailored to the specific needs and circumstances of consumers,

''(ii) makes no loans to debtors (other than loans with no fees or interest) and does not negotiate the making of loans on behalf of debtors,

''(iii) provides services for the purpose of improving a consumer's credit record, credit history, or credit rating only to the extent that such services are incidental to providing credit counseling services, and

''(iv) does not charge any separately stated fee for services for the purpose of improving any consumer's credit record, credit history, or credit rating.

''(B) The organization does not refuse to provide credit counseling services to a consumer due to the inability of the consumer to pay, the ineligibility of the consumer for debt management plan enrollment, or the unwillingness of the consumer to enroll in a debt management plan.

''(C) The organization establishes and implements a fee policy which—

''(i) requires that any fees charged to a consumer for services are reasonable,

''(ii) allows for the waiver of fees if the consumer is unable to pay, and

''(iii) except to the extent allowed by State law, prohibits charging any fee based in whole or in part on a percentage of the consumer's debt, the consumer's payments to be made pursuant to a debt management plan, or the projected or actual savings to the consumer resulting from enrolling in a debt management plan.

''(D) At all times the organization has a board of directors or other governing body—

''(i) which is controlled by persons who represent the broad interests of the public, such as public officials acting in their capacities as such, persons having special knowledge or expertise in credit or financial education, and community leaders,

''(ii) not more than 20 percent of the voting power of which is vested in persons who are employed by the organization or who will benefit financially, directly or indirectly, from the organization's activities (other than through the receipt of reasonable directors' fees or the repayment of consumer debt to creditors other than the credit counseling organization or its affiliates), and

''(iii) not more than 49 percent of the voting power of which is vested in persons who are employed by the organization or who will benefit financially, directly or indirectly, from the organization's activities (other than through the receipt of reasonable directors' fees).

''(E) The organization does not own more than 35 percent of—

''(i) the total combined voting power of any corporation (other than a corporation which is an organization described in subsection (c)(3) and exempt from tax under subsection (a)) which is in the trade or business of lending money, repairing credit, or providing debt management plan services, payment processing, or similar services,

''(ii) the profits interest of any partnership (other than a partnership which is an organization described in subsection (c)(3) and exempt from tax under subsection (a)) which is in the trade or business of lending money, repairing credit, or providing debt management plan services, payment processing, or similar services, and

''(iii) the beneficial interest of any trust or estate (other than a trust which is an organization described in subsection (c)(3) and exempt from tax under subsection (a)) which is in the trade or business of lending money, repairing credit, or providing debt management plan services, payment processing, or similar services.

''(F) The organization receives no amount for providing referrals to others for debt management plan services, and pays no amount to others for obtaining referrals of consumers.

''(2) ADDITIONAL REQUIREMENTS FOR ORGANIZATIONS DESCRIBED IN SUBSECTION (c)(3).—

''(A) IN GENERAL.—In addition to the requirements under paragraph (1), an organization with respect to which the provision of credit counseling services is a substantial purpose and which is described in paragraph (3) of subsection (c) shall not be exempt from tax under subsection (a) unless such organization is organized and operated in accordance with the following requirements:

''(i) The organization does not solicit contributions from consumers during the initial counseling process or while the consumer is receiving services from the organization.

''(ii) The aggregate revenues of the organization which are from payments of creditors of consumers of the organization and which are attributable to debt management plan services do not exceed the applicable percentage of the total revenues of the organization.

''(B) APPLICABLE PERCENTAGE.—

''(i) IN GENERAL.—For purposes of subparagraph (A)(ii), the applicable percentage is 50 percent.

''(ii) TRANSITION RULE.—Notwithstanding clause (i), in the case of an organization with respect to which the provision of credit counseling services is a substantial purpose and which is described in paragraph (3) of subsection (c) and exempt from tax under subsection (a) on the date of the enactment of this subsection, the applicable percentage is—

''(I) 80 percent for the first taxable year of such organization beginning after the date which is 1 year after the date of the enactment of this subsection, and

''(II) 70 percent for the second such taxable year beginning after such date, and

''(III) 60 percent for the third such taxable year beginning after such date.

''(3) ADDITIONAL REQUIREMENT FOR ORGANIZATIONS DESCRIBED IN SUBSECTION (c)(4).—In addition to the requirements under paragraph (1), an organization with respect to which the provision of credit counseling services is a substantial purpose and which is described in paragraph (4) of subsection (c) shall not be exempt from tax under subsection (a) unless such organization notifies the Secretary, in such manner as the Secretary may by regulations prescribe, that it is applying for recognition as a credit counseling organization.

''(4) CREDIT COUNSELING SERVICES; DEBT MANAGEMENT PLAN SERVICES.—For purposes of this subsection—

''(A) CREDIT COUNSELING SERVICES.—The term 'credit counseling services' means—

''(i) the providing of educational information to the general public on budgeting, personal finance, financial literacy, saving and spending practices, and the sound use of consumer credit,

''(ii) the assisting of individuals and families with financial problems by providing them with counseling, or

''(iii) a combination of the activities described in clauses (i) and (ii).

''(B) DEBT MANAGEMENT PLAN SERVICES.—The term 'debt management plan services' means services related to the repayment, consolidation, or restructuring of a consumer's debt, and includes the negotiation with creditors of lower interest rates, the waiver or reduction of fees, and the marketing and processing of debt management plans.''.

(b) DEBT MANAGEMENT PLAN SERVICES TREATED AS AN UNRELATED BUSINESS.—Section 513 (relating to unrelated trade or business) is amended by adding at the end the following:

''(j) DEBT MANAGEMENT PLAN SERVICES.—The term 'unrelated trade or business' includes the provision of debt management plan services (as defined in section 501(q)(4)(B)) by any organization other than an organization which meets the requirements of section 501(q).''.

(c) EFFECTIVE DATE.—

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

(2) TRANSITION RULE FOR EXISTING ORGANIZATIONS.—In the case of any organization described in paragraph (3) or (4) section 501(c) of the Internal Revenue Code of 1986 and with respect to which the provision of credit counseling services is a substantial purpose on the date of the enactment of this Act, the amendments made by this section shall apply to taxable years beginning after the date which is 1 year after the date of the enactment of this Act.

SEC. 1221. EXPANSION OF THE BASE OF TAX ON PRIVATE FOUNDATION NET INVESTMENT INCOME.

(a) GROSS INVESTMENT INCOME.—

(1) IN GENERAL.—Paragraph (2) of section 4940(c) (relating to gross investment income) is amended by adding at the end the following new sentence: ''Such term shall also include income from sources similar to those in the preceding sentence.''.

(2) CONFORMING AMENDMENT.—Subsection (e) of section 509 (relating to gross investment income) is amended by adding at the end the following new sentence: ''Such term shall also include income from sources similar to those in the preceding sentence.''.

(b) CAPITAL GAIN NET INCOME.—Paragraph (4) of section 4940(c) (relating to capital gains and losses) is amended—

(1) in subparagraph (A), by striking ''used for the production of interest, dividends, rents, and royalties'' and inserting ''used for the production of gross investment income (as defined in paragraph (2))'',

(2) in subparagraph (C), by inserting ''or carrybacks'' after ''carryovers'', and

(3) by adding at the end the following new subparagraph:

''(D) Except to the extent provided by regulation, under rules similar to the rules of section 1031 (including the exception under subsection (a)(2) thereof), no gain or loss shall be taken into account with respect to any portion of property used for a period of not less than 1 year for a purpose or function constituting the basis of the private foundation's exemption if the entire property is exchanged immediately following such period solely for property of like kind which is to be used primarily for a purpose or function constituting the basis for such foundation's exemption.''.

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

SEC. 1222. DEFINITION OF CONVENTION OR ASSOCIATION OF CHURCHES.

Section 7701 (relating to definitions) is amended by redesignating subsection (o) as subsection (p) and by inserting after subsection (n) the following new subsection:

''(o) CONVENTION OR ASSOCIATION OF CHURCHES.—For purposes of this title, any organization which is otherwise a convention or association of churches shall not fail to so qualify merely because the membership of such organization includes individuals as well as churches or because individuals have voting rights in such organization.''.

SEC. 1223. NOTIFICATION REQUIREMENT FOR ENTITIES NOT CURRENTLY REQUIRED TO FILE.

(a) IN GENERAL.—Section 6033 (relating to returns by exempt organizations), as amended by this Act, is amended by redesignating subsection (i) as subsection (j) and by inserting after subsection (h) the following new subsection:

''(i) ADDITIONAL NOTIFICATION REQUIREMENTS.—Any organization the gross receipts of which in any taxable year result in such organization being referred to in subsection (a)(3)(A)(ii) or (a)(3)(B)—

''(1) shall furnish annually, in electronic form, and at such time and in such manner as the Secretary may by regulations prescribe, information setting forth—

''(A) the legal name of the organization,

''(B) any name under which such organization operates or does business,

''(C) the organization's mailing address and Internet web site address (if any),

''(D) the organization's taxpayer identification number,

''(E) the name and address of a principal officer, and

''(F) evidence of the continuing basis for the organization's exemption from the filing requirements under subsection (a)(1), and

''(2) upon the termination of the existence of the organization, shall furnish notice of such termination.''.

(b) LOSS OF EXEMPT STATUS FOR FAILURE TO FILE RETURN OR NOTICE.—Section 6033 (relating to returns by exempt organizations), as amended by subsection (a), is amended by redesignating subsection (j) as subsection (k) and by inserting after subsection (i) the following new subsection:

''(j) LOSS OF EXEMPT STATUS FOR FAILURE TO FILE RETURN OR NOTICE.—

''(1) IN GENERAL.—If an organization described in subsection (a)(1) or (i) fails to file an annual return or notice required under either subsection for 3 consecutive years, such organization's status as an organization exempt from tax under section 501(a) shall be considered revoked on and after the date set by the Secretary for the filing of the third annual return or notice. The Secretary shall publish and maintain a list of any organization the status of which is so revoked.

''(2) APPLICATION NECESSARY FOR REINSTATEMENT.—Any organization the tax-exempt status of which is revoked under paragraph (1) must apply in order to obtain reinstatement of such status regardless of whether such organization was originally required to make such an application.

''(3) RETROACTIVE REINSTATEMENT IF REASONABLE CAUSE SHOWN FOR FAILURE.—If, upon application for reinstatement of status as an organization exempt from tax under section 501(a), an organization described in paragraph (1) can show to the satisfaction of the Secretary evidence of reasonable cause for the failure described in such paragraph, the organization's exempt status may, in the discretion of the Secretary, be reinstated effective from the date of the revocation under such paragraph.''.

(c) NO DECLARATORY JUDGMENT RELIEF.—Section 7428(b) (relating to limitations) is amended by adding at the end the following new paragraph:

''(4) NONAPPLICATION FOR CERTAIN REVOCATIONS.—No action may be brought under this section with respect to any revocation of status described in section 6033(j)(1).''.

(d) NO MONETARY PENALTY FOR FAILURE TO NOTIFY.—Section 6652(c)(1) (relating to annual returns under section 6033 or 6012(a)(6)) is amended by adding at the end the following new subparagraph:

''(E) NO PENALTY FOR CERTAIN ANNUAL NOTICES.—This paragraph shall not apply with respect to any notice required under section 6033(i).''.

(e) SECRETARIAL OUTREACH REQUIREMENTS.—

(1) NOTICE REQUIREMENT.—The Secretary of the Treasury shall notify in a timely manner every organization described in section 6033(i) of the Internal Revenue Code of 1986 (as added by this section) of the requirement under such section 6033(i) and of the penalty established under section 6033(j) of such Code—

(A) by mail, in the case of any organization the identity and address of which is included in the list of exempt organizations maintained by the Secretary, and

(B) by Internet or other means of outreach, in the case of any other organization.

(2) LOSS OF STATUS PENALTY FOR FAILURE TO FILE RETURN.—The Secretary of the Treasury shall publicize, in a timely manner in appropriate forms and instructions and through other appropriate means, the penalty established under section 6033(j) of such Code for the failure to file a return under subsection (a)(1) or (i) of section 6033 of such Code.

(f) EFFECTIVE DATE.—The amendments made by this section shall apply to notices and returns with respect to annual periods beginning after 2006.

SEC. 1224. DISCLOSURE TO STATE OFFICIALS RELATING TO EXEMPT ORGANIZATIONS.

(a) IN GENERAL.—Subsection (c) of section 6104 is amended by striking paragraph (2) and inserting the following new paragraphs:

''(2) DISCLOSURE OF PROPOSED ACTIONS RELATED TO CHARITABLE ORGANIZATIONS.—

''(A) SPECIFIC NOTIFICATIONS.—In the case of an organization to which paragraph (1) applies, the Secretary may disclose to the appropriate State officer—

''(i) a notice of proposed refusal to recognize such organization as an organization described in section 501(c)(3) or a notice of proposed revocation of such organization's recognition as an organization exempt from taxation,

''(ii) the issuance of a letter of proposed deficiency of tax imposed under section 507 or chapter 41 or 42, and

''(iii) the names, addresses, and taxpayer identification numbers of organizations which have applied for recognition as organizations described in section 501(c)(3).

''(B) ADDITIONAL DISCLOSURES.—Returns and return information of organizations with respect to which information is disclosed under subparagraph (A) may be made available for inspection by or disclosed to an appropriate State officer.

''(C) PROCEDURES FOR DISCLOSURE.—Information may be inspected or disclosed under subparagraph (A) or (B) only—

''(i) upon written request by an appropriate State officer, and

''(ii) for the purpose of, and only to the extent necessary in, the administration of State laws regulating such organizations.

Such information may only be inspected by or disclosed to a person other than the appropriate State officer if such person is an officer or employee of the State and is designated by the appropriate State officer to receive the returns or return information under this paragraph on behalf of the appropriate State officer.

''(D) DISCLOSURES OTHER THAN BY REQUEST.—The Secretary may make available for inspection or disclose returns and return information of an organization to which paragraph (1) applies to an appropriate State officer of any State if the Secretary determines that such returns or return information may constitute evidence of noncompliance under the laws within the jurisdiction of the appropriate State officer.

''(3) DISCLOSURE WITH RESPECT TO CERTAIN OTHER EXEMPT ORGANIZATIONS.—Upon written request by an appropriate State officer, the Secretary may make available for inspection or disclosure returns and return information of any organization described in section 501(c) (other than organizations described in paragraph (1) or (3) thereof) for the purpose of, and only to the extent necessary in, the administration of State laws regulating the solicitation or administration of the charitable funds or charitable assets of such organizations. Such information may only be inspected by or disclosed to a person other than the appropriate State officer if such person is an officer or employee of the State and is designated by the appropriate State officer to receive the returns or return information under this paragraph on behalf of the appropriate State officer.

''(4) USE IN CIVIL JUDICIAL AND ADMINISTRATIVE PROCEEDINGS.—Returns and return information disclosed pursuant to this subsection may be disclosed in civil administrative and civil judicial proceedings pertaining to the enforcement of State laws regulating such organizations in a manner prescribed by the Secretary similar to that for tax administration proceedings under section 6103(h)(4).

''(5) NO DISCLOSURE IF IMPAIRMENT.—Returns and return information shall not be disclosed under this subsection, or in any proceeding described in paragraph (4), to the extent that the Secretary determines that such disclosure would seriously impair Federal tax administration.

''(6) DEFINITIONS.—For purposes of this subsection—

''(A) RETURN AND RETURN INFORMATION.—The terms 'return' and 'return information' have the respective meanings given to such terms by section 6103(b).

''(B) APPROPRIATE STATE OFFICER.—The term 'appropriate State officer' means—

''(i) the State attorney general,

''(ii) the State tax officer,

''(iii) in the case of an organization to which paragraph (1) applies, any other State official charged with overseeing organizations of the type described in section 501(c)(3), and

''(iv) in the case of an organization to which paragraph (3) applies, the head of an agency designated by the State attorney general as having primary responsibility for overseeing the solicitation of funds for charitable purposes.''.

(b) CONFORMING AMENDMENTS.—

(1) Paragraph (2) of section 6103(a) is amended by inserting ''or section 6104(c)'' after ''this section''.

(2) Subparagraph (A) of section 6103(p)(3) is amended by inserting ''and section 6104(c)'' after ''section'' in the first sentence.

(3) Paragraph (4) of section 6103(p) is amended—

(A) in the matter preceding subparagraph (A), by inserting '', any appropriate State officer (as defined in section 6104(c)),'' before ''or any other person'',

(B) in subparagraph (F)(i), by inserting ''any appropriate State officer (as defined in section 6104(c)),'' before ''or any other person'', and

(C) in the matter following subparagraph (F), by inserting '', an appropriate State officer (as defined in section 6104(c)),'' after ''including an agency'' each place it appears.

(4) The heading for paragraph (1) of section 6104(c) is amended by inserting ''FOR CHARITABLE ORGANIZATIONS'' after ''RULE''.

(5) Paragraph (2) of section 7213(a) is amended by inserting ''or under section 6104(c)'' after ''6103''.

(6) Paragraph (2) of section 7213A(a) is amended by inserting ''or under section 6104(c)'' after ''7213(a)(2)''.

(7) Paragraph (2) of section 7431(a) is amended by inserting '' or in violation of section 6104(c)'' after ''6103''.

(c) EFFECTIVE DATE.—The amendments made by this section shall take effect on the date of the enactment of this Act but shall not apply to requests made before such date.

SEC. 1225. PUBLIC DISCLOSURE OF INFORMATION RELATING TO UNRELATED BUSINESS INCOME TAX RETURNS.

(a) IN GENERAL.—Subparagraph (A) of section 6104(d)(1) is amended by redesignating clauses (ii) and (iii) as clauses (iii) and (iv), respectively, and by inserting after clause (i) the following new clause:

''(ii) any annual return filed under section 6011 which relates to any tax imposed by section 511 (relating to imposition of tax on unrelated business income of charitable, etc., organizations) by such organization, but only if such organization is described in section 501(c)(3),''.

(b) EFFECTIVE DATE.—The amendments made by this section shall apply to returns filed after the date of the enactment of this Act.

SEC. 1226. STUDY ON DONOR ADVISED FUNDS AND SUPPORTING ORGANIZATIONS.

(a) STUDY.—The Secretary of the Treasury shall undertake a study on the organization and operation of donor advised funds (as defined in section 4966(d)(2) of the Internal Revenue Code of 1986, as added by this Act) and of organizations described in section 509(a)(3) of such Code. The study shall specifically consider—

(1) whether the deductions allowed for the income, gift, or estate taxes for charitable contributions to sponsoring organizations (as defined in section 4966(d)(1) of such Code, as added by this Act) of donor advised funds or to organizations described in section 509(a)(3) of such Code are appropriate in consideration of—

(A) the use of contributed assets (including the type, extent, and timing of such use), or

(B) the use of the assets of such organizations for the benefit of the person making the charitable contribution (or a person related to such person),

(2) whether donor advised funds should be required to distribute for charitable purposes a specified amount (whether based on the income or assets of the fund) in order to ensure that the sponsoring organization with respect to such donor advised fund is operating consistent with the purposes or functions constituting the basis for its exemption under section 501, or its status as an organization described in section 509(a), of such Code,

(3) whether the retention by donors to organizations described in paragraph (1) of rights or privileges with respect to amounts transferred to such organizations (including advisory rights or privileges with respect to the making of grants or the investment of assets) is consistent with the treatment of such transfers as completed gifts that qualify for a deduction for income, gift, or estate taxes, and

(4) whether the issues raised by paragraphs (1), (2), and (3) are also issues with respect to other forms of charities or charitable donations.

(b) REPORT.—Not later than 1 year after the date of the enactment of this Act, the Secretary of the Treasury shall submit to the Committee on Finance of the Senate and the Committee on Ways and Means of the House of Representatives a report on the study conducted under subsection (a) and make such recommendations as the Secretary of the Treasury considers appropriate.

PART 2—IMPROVED ACCOUNTABILITY OF DONOR ADVISED FUNDS

SEC. 1231. EXCISE TAXES RELATING TO DONOR ADVISED FUNDS.

(a) IN GENERAL.—Chapter 42 (relating to private foundations and certain other tax-exempt organizations), as amended by the Tax Increase Prevention and Reconciliation Act of 2005, is amended by adding at the end the following new subchapter:

''Subchapter G—Donor Advised Funds

''Sec. 4966. Taxes on taxable distributions.
''Sec. 4967. Taxes on prohibited benefits.

''SEC. 4966. TAXES ON TAXABLE DISTRIBUTIONS.

''(a) IMPOSITION OF TAXES.—

''(1) ON THE SPONSORING ORGANIZATION.—There is hereby imposed on each taxable distribution a tax equal to 20 percent of the amount thereof. The tax imposed by this paragraph shall be paid by the sponsoring organization with respect to the donor advised fund.

''(2) ON THE FUND MANAGEMENT.—There is hereby imposed on the agreement of any fund manager to the making of a distribution, knowing that it is a taxable distribution, a tax equal to 5 percent of the amount thereof. The tax imposed by this paragraph shall be paid by any fund manager who agreed to the making of the distribution.

''(b) SPECIAL RULES.—For purposes of subsection (a)—

''(1) JOINT AND SEVERAL LIABILITY.—If more than one person is liable under subsection (a)(2) with respect to the making of a taxable distribution, all such persons shall be jointly and severally liable under such paragraph with respect to such distribution.

''(2) LIMIT FOR MANAGEMENT.—With respect to any one taxable distribution, the maximum amount of the tax imposed by subsection (a)(2) shall not exceed $10,000.

''(c) TAXABLE DISTRIBUTION.—For purposes of this section—

''(1) IN GENERAL.—The term 'taxable distribution' means any distribution from a donor advised fund—

''(A) to any natural person, or

''(B) to any other person if—

''(i) such distribution is for any purpose other than one specified in section 170(c)(2)(B), or

''(ii) the sponsoring organization does not exercise expenditure responsibility with respect to such distribution in accordance with section 4945(h).

''(2) EXCEPTIONS.—Such term shall not include any distribution from a donor advised fund—

''(A) to any organization described in section 170(b)(1)(A) (other than a disqualified supporting organization),

''(B) to the sponsoring organization of such donor advised fund, or

''(C) to any other donor advised fund.

''(d) DEFINITIONS.—For purposes of this subchapter—

''(1) SPONSORING ORGANIZATION.—The term 'sponsoring organization' means any organization which—

''(A) is described in section 170(c) (other than in paragraph (1) thereof, and without regard to paragraph (2)(A) thereof),

''(B) is not a private foundation (as defined in section 509(a)), and

''(C) maintains 1 or more donor advised funds.

''(2) DONOR ADVISED FUND.—

''(A) IN GENERAL.—Except as provided in subparagraph (B) or (C), the term 'donor advised fund' means a fund or account—

''(i) which is separately identified by reference to contributions of a donor or donors,

''(ii) which is owned and controlled by a sponsoring organization, and

''(iii) with respect to which a donor (or any person appointed or designated by such donor) has, or reasonably expects to have, advisory privileges with respect to the distribution or investment of amounts held in such fund or account by reason of the donor's status as a donor.

''(B) EXCEPTIONS.—The term 'donor advised fund' shall not include any fund or account—

''(i) which makes distributions only to a single identified organization or governmental entity, or

''(ii) with respect to which a person described in subparagraph (A)(iii) advises as to which individuals receive grants for travel, study, or other similar purposes, if—

''(I) such person's advisory privileges are performed exclusively by such person in the person's capacity as a member of a committee all of the members of which are appointed by the sponsoring organization,

''(II) no combination of persons described in subparagraph (A)(iii) (or persons related to such persons) control, directly or indirectly, such committee, and

''(III) all grants from such fund or account are awarded on an objective and nondiscriminatory basis pursuant to a procedure approved in advance by the board of directors of the sponsoring organization, and such procedure is designed to ensure that all such grants meet the requirements of paragraphs (1), (2), or (3) of section 4945(g).

''(C) SECRETARIAL AUTHORITY.—The Secretary may exempt a fund or account not described in subparagraph (B) from treatment as a donor advised fund—

''(i) if such fund or account is advised by a committee not directly or indirectly controlled by the donor or any person appointed or designated by the donor for the purpose of advising with respect to distributions from such fund (and any related parties), or

''(ii) if such fund benefits a single identified charitable purpose.

''(3) FUND MANAGER.—The term 'fund manager' means, with respect to any sponsoring organization—

''(A) an officer, director, or trustee of such sponsoring organization (or an individual having powers or responsibilities similar to those of officers, directors, or trustees of the sponsoring organization), and

''(B) with respect to any act (or failure to act), the employees of the sponsoring organization having authority or responsibility with respect to such act (or failure to act).

''(4) DISQUALIFIED SUPPORTING ORGANIZATION.—

''(A) IN GENERAL.—The term 'disqualified supporting organization' means, with respect to any distribution—

''(i) any type III supporting organization (as defined in section 4943(f)(5)(A)) which is not a functionally integrated type III supporting organization (as defined in section 4943(f)(5)(B)), and

''(ii) any organization which is described in subparagraph (B) or (C) if—

''(I) the donor or any person designated by the donor for the purpose of advising with respect to distributions from a donor advised fund (and any related parties) directly or indirectly controls a supported organization (as defined in section 509(f)(3)) of such organization, or

''(II) the Secretary determines by regulations that a distribution to such organization otherwise is inappropriate.

''(B) TYPE I AND TYPE II SUPPORTING ORGANIZATIONS.—An organization is described in this subparagraph if the organization meets the requirements of subparagraphs (A) and (C) of section 509(a)(3) and is—

''(i) operated, supervised, or controlled by one or more organizations described in paragraph (1) or (2) of section 509(a), or

''(ii) supervised or controlled in connection with one or more such organizations.

''(C) FUNCTIONALLY INTEGRATED TYPE III SUPPORTING ORGANIZATIONS.—An organization is described in this subparagraph if the organization is a functionally integrated type III supporting organization (as defined under section 4943(f)(5)(B)).

''SEC. 4967. TAXES ON PROHIBITED BENEFITS.

''(a) IMPOSITION OF TAXES.—

''(1) ON THE DONOR, DONOR ADVISOR, OR RELATED PERSON.—There is hereby imposed on the advice of any person described in subsection (d) to have a sponsoring organization make a distribution from a donor advised fund which results in such person or any other person described in subsection (d) receiving, directly or indirectly, a more than incidental benefit as a result of such distribution, a tax equal to 125 percent of such benefit. The tax imposed by this paragraph shall be paid by any person described in subsection (d) who advises as to the distribution or who receives such a benefit as a result of the distribution.

''(2) ON THE FUND MANAGEMENT.—There is hereby imposed on the agreement of any fund manager to the making of a distribution, knowing that such distribution would confer a benefit described in paragraph (1), a tax equal to 10 percent of the amount of such benefit. The tax imposed by this paragraph shall be paid by any fund manager who agreed to the making of the distribution.

''(b) EXCEPTION.—No tax shall be imposed under this section with respect to any distribution if a tax has been imposed with respect to such distribution under section 4958.

''(c) SPECIAL RULES.—For purposes of subsection (a)—

''(1) JOINT AND SEVERAL LIABILITY.—If more than one person is liable under paragraph (1) or (2) of subsection (a) with respect to a distribution described in subsection (a), all such persons shall be jointly and severally liable under such paragraph with respect to such distribution.

''(2) LIMIT FOR MANAGEMENT.—With respect to any one distribution described in subsection (a), the maximum amount of the tax imposed by subsection (a)(2) shall not exceed $10,000.

''(d) PERSON DESCRIBED.—A person is described in this subsection if such person is described in section 4958(f)(7) with respect to a donor advised fund.''.

(b) CONFORMING AMENDMENTS.—

(1) Section 4963 is amended by inserting ''4966, 4967,'' after ''4958,'' each place it appears in subsections (a) and (c).

(2) The table of subchapters for chapter 42 is amended by adding at the end the following new item:

''SUBCHAPTER G. DONOR ADVISED FUNDS''.

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

SEC. 1232. EXCESS BENEFIT TRANSACTIONS INVOLVING DONOR ADVISED FUNDS AND SPONSORING ORGANIZATIONS.

(a) DISQUALIFIED PERSONS.—

(1) IN GENERAL.—Paragraph (1) of section 4958(f) is amended by striking ''and'' at the end of subparagraph (B), by striking the period at the end of subparagraph (C) and inserting a comma, and by adding after subparagraph (C) the following new subparagraphs:

''(D) which involves a donor advised fund (as defined in section 4966(d)(2)), any person who is described in paragraph (7) with respect to such donor advised fund (as so defined), and

''(E) which involves a sponsoring organization (as defined in section 4966(d)(1)), any person who is described in paragraph (8) with respect to such sponsoring organization (as so defined).''.

(2) DONORS, DONOR ADVISORS, AND INVESTMENT ADVISORS TREATED AS DISQUALIFIED PERSONS.—Section 4958(f) is amended by adding at the end the following new paragraphs:

''(7) DONORS AND DONOR ADVISORS.—For purposes of paragraph (1)(E), a person is described in this paragraph if such person—

''(A) is described in section 4966(d)(2)(A)(iii),

''(B) is a member of the family of an individual described in subparagraph (A), or

''(C) is a 35-percent controlled entity (as defined in paragraph (3) by substituting 'persons described in subparagraph (A) or (B) of paragraph (7)' for 'persons described in subparagraph (A) or (B) of paragraph (1)' in subparagraph (A)(i) thereof).

''(8) INVESTMENT ADVISORS.—For purposes of paragraph (1)(F)—

''(A) IN GENERAL.—A person is described in this paragraph if such person—

''(i) is an investment advisor,

''(ii) is a member of the family of an individual described in clause (i), or

''(iii) is a 35-percent controlled entity (as defined in paragraph (3) by substituting 'persons described in clause (i) or (ii) of paragraph (8)(A)' for 'persons described in subparagraph (A) or (B) of paragraph (1)' in subparagraph (A)(i) thereof).

''(B) INVESTMENT ADVISOR DEFINED.—For purposes of subparagraph (A), the term 'investment advisor' means, with respect to any sponsoring organization (as defined in section 4966(d)(1)), any person (other than an employee of such organization) compensated by such organization for managing the investment of, or providing investment advice with respect to, assets maintained in donor advised funds (as defined in section 4966(d)(2)) owned by such organization.''.

(b) CERTAIN TRANSACTIONS TREATED AS EXCESS BENEFIT TRANSACTIONS.—

(1) IN GENERAL.—Section 4958(c) is amended by redesignating paragraph (2) as paragraph (3) and by inserting after paragraph (1) the following new paragraph:

''(2) SPECIAL RULES FOR DONOR ADVISED FUNDS.—In the case of any donor advised fund (as defined in section 4966(d)(2))—

''(A) the term 'excess benefit transaction' includes any grant, loan, compensation, or other similar payment from such fund to a person described in subsection (f)(7) with respect to such fund, and

''(B) the term 'excess benefit' includes, with respect to any transaction described in subparagraph (A), the amount of any such grant, loan, compensation, or other similar payment.''.

(2) SPECIAL RULE FOR CORRECTION OF TRANSACTION.—Section 4958(f)(6) is amended by inserting '', except that in the case of any correction of an excess benefit transaction described in subsection (c)(2), no amount repaid in a manner prescribed by the Secretary may be held in any donor advised fund'' after ''standards''.

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

SEC. 1233. EXCESS BUSINESS HOLDINGS OF DONOR ADVISED FUNDS.

(a) IN GENERAL.—Section 4943 is amended by adding at the end the following new subsection:

''(e) APPLICATION OF TAX TO DONOR ADVISED FUNDS.—

''(1) IN GENERAL.—For purposes of this section, a donor advised fund (as defined in section 4966(d)(2)) shall be treated as a private foundation.

''(2) DISQUALIFIED PERSON.—In applying this section to any donor advised fund (as so defined), the term 'disqualified person' means, with respect to the donor advised fund, any person who is—

''(A) described in section 4966(d)(2)(A)(iii),

''(B) a member of the family of an individual described in subparagraph (A), or

''(C) a 35-percent controlled entity (as defined in section 4958(f)(3) by substituting 'persons described in subparagraph (A) or (B) of section 4943(e)(2)' for 'persons described in subparagraph (A) or (B) of paragraph (1)' in subparagraph (A)(i) thereof).

''(3) PRESENT HOLDINGS.—For purposes of this subsection, rules similar to the rules of paragraphs (4), (5), and (6) of subsection (c) shall apply to donor advised funds (as so defined), except that—

''(A) 'the date of the enactment of this subsection' shall be substituted for 'May 26, 1969' each place it appears in paragraphs (4), (5), and (6), and

''(B) 'January 1, 2007' shall be substituted for 'January 1, 1970' in paragraph (4)(E).''.

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

SEC. 1234. TREATMENT OF CHARITABLE CONTRIBUTION DEDUCTIONS TO DONOR ADVISED FUNDS.

(a) INCOME.—Section 170(f) (relating to disallowance of deduction in certain cases and special rules), as amended by this Act, is amended by adding at the end the following new paragraph:

''(18) CONTRIBUTIONS TO DONOR ADVISED FUNDS.—A deduction otherwise allowed under subsection (a) for any contribution to a donor advised fund (as defined in section 4966(d)(2)) shall only be allowed if—

''(A) the sponsoring organization (as defined in section 4966(d)(1)) with respect to such donor advised fund is not—

''(i) described in paragraph (3), (4), or (5) of subsection (c), or

''(ii) a type III supporting organization (as defined in section 4943(f)(5)(A)) which is not a functionally integrated type III supporting organization (as defined in section 4943(f)(5)(B)), and

''(B) the taxpayer obtains a contemporaneous written acknowledgment (determined under rules similar to the rules of paragraph (8)(C)) from the sponsoring organization (as so defined) of such donor advised fund that such organization has exclusive legal control over the assets contributed.''.

(b) ESTATE.—Section 2055(e) is amended by adding at the end the following new paragraph:

''(5) CONTRIBUTIONS TO DONOR ADVISED FUNDS.—A deduction otherwise allowed under subsection (a) for any contribution to a donor advised fund (as defined in section 4966(d)(2)) shall only be allowed if—

''(A) the sponsoring organization (as defined in section 4966(d)(1)) with respect to such donor advised fund is not—

''(i) described in paragraph (3) or (4) of subsection (a), or

''(ii) a type III supporting organization (as defined in section 4943(f)(5)(A)) which is not a functionally integrated type III supporting organization (as defined in section 4943(f)(5)(B)), and

''(B) the taxpayer obtains a contemporaneous written acknowledgment (determined under rules similar to the rules of section 170(f)(8)(C)) from the sponsoring organization (as so defined) of such donor advised fund that such organization has exclusive legal control over the assets contributed.''.

(c) GIFT.—Section 2522(c) is amended by adding at the end the following new paragraph:

''(5) CONTRIBUTIONS TO DONOR ADVISED FUNDS.—A deduction otherwise allowed under subsection (a) for any contribution to a donor advised fund (as defined in section 4966(d)(2)) shall only be allowed if—

''(A) the sponsoring organization (as defined in section 4966(d)(1)) with respect to such donor advised fund is not—

''(i) described in paragraph (3) or (4) of subsection (a), or

''(ii) a type III supporting organization (as defined in section 4943(f)(5)(A)) which is not a functionally integrated type III supporting organization (as defined in section 4943(f)(5)(B)), and

''(B) the taxpayer obtains a contemporaneous written acknowledgment (determined under rules similar to the rules of section 170(f)(8)(C)) from the sponsoring organization (as so defined) of such donor advised fund that such organization has exclusive legal control over the assets contributed.''.

(d) EFFECTIVE DATE.—The amendments made by this section shall apply to contributions made after the date which is 180 days after the date of the enactment of this Act.

SEC. 1235. RETURNS OF, AND APPLICATIONS FOR RECOGNITION BY, SPONSORING ORGANIZATIONS.

(a) MATTERS INCLUDED ON RETURNS.—

(1) IN GENERAL.—Section 6033, as amended by this Act, is amended by redesignating subsection (k) as subsection (l) and by inserting after subsection (j) the following new subsection:

''(k) ADDITIONAL PROVISIONS RELATING TO SPONSORING ORGANIZATIONS.—Every organization described in section 4966(d)(1) shall, on the return required under subsection (a) for the taxable year—

''(1) list the total number of donor advised funds (as defined in section 4966(d)(2)) it owns at the end of such taxable year,

''(2) indicate the aggregate value of assets held in such funds at the end of such taxable year, and

''(3) indicate the aggregate contributions to and grants made from such funds during such taxable year.''.

(2) EFFECTIVE DATE.—The amendments made by this subsection shall apply to returns filed for taxable years ending after the date of the enactment of this Act.

(b) MATTERS INCLUDED ON EXEMPT STATUS APPLICATION.—

(1) IN GENERAL.—Section 508 is amended by adding at the end the following new subsection:

''(f) ADDITIONAL PROVISIONS RELATING TO SPONSORING ORGANIZATIONS.—A sponsoring organization (as defined in section 4966(d)(1)) shall give notice to the Secretary (in such manner as the Secretary may provide) whether such organization maintains or intends to maintain donor advised funds (as defined in section 4966(d)(2)) and the manner in which such organization plans to operate such funds.''.

(2) EFFECTIVE DATE.—The amendment made by this subsection shall apply to organizations applying for tax-exempt status after the date of the enactment of this Act.

PART 3—IMPROVED ACCOUNTABILITY OF SUPPORTING ORGANIZATIONS

SEC. 1241. REQUIREMENTS FOR SUPPORTING ORGANIZATIONS.

(a) TYPES OF SUPPORTING ORGANIZATIONS.—Subparagraph (B) of section 509(a)(3) is amended to read as follows:

''(B) is—

''(i) operated, supervised, or controlled by one or more organizations described in paragraph (1) or (2),

''(ii) supervised or controlled in connection with one or more such organizations, or

''(iii) operated in connection with one or more such organizations, and''.

(b) REQUIREMENTS FOR SUPPORTING ORGANIZATIONS.—Section 509 (relating to private foundation defined) is amended by adding at the end the following new subsection:

''(f) REQUIREMENTS FOR SUPPORTING ORGANIZATIONS.—

''(1) TYPE III SUPPORTING ORGANIZATIONS.—For purposes of subsection (a)(3)(B)(iii), an organization shall not be considered to be operated in connection with any organization described in paragraph (1) or (2) of subsection (a) unless such organization meets the following requirements:

''(A) RESPONSIVENESS.—For each taxable year beginning after the date of the enactment of this subsection, the organization provides to each supported organization such information as the Secretary may require to ensure that such organization is responsive to the needs or demands of the supported organization.

''(B) FOREIGN SUPPORTED ORGANIZATIONS.—

''(i) IN GENERAL.—The organization is not operated in connection with any supported organization that is not organized in the United States.

''(ii) TRANSITION RULE FOR EXISTING ORGANIZATIONS.—If the organization is operated in connection with an organization that is not organized in the United States on the date of the enactment of this subsection, clause (i) shall not apply until the first day of the third taxable year of the organization beginning after the date of the enactment of this subsection.

''(2) ORGANIZATIONS CONTROLLED BY DONORS.—

''(A) IN GENERAL.—For purposes of subsection (a)(3)(B), an organization shall not be considered to be—

''(i) operated, supervised, or controlled by any organization described in paragraph (1) or (2) of subsection (a), or

''(ii) operated in connection with any organization described in paragraph (1) or (2) of subsection (a),

if such organization accepts any gift or contribution from any person described in subparagraph (B).

''(B) PERSON DESCRIBED.—A person is described in this subparagraph if, with respect to a supported organization of an organization described in subparagraph (A), such person is—

''(i) a person (other than an organization described in paragraph (1), (2), or (4) of section 509(a)) who directly or indirectly controls, either alone or together with persons described in clauses (ii) and (iii), the governing body of such supported organization,

''(ii) a member of the family (determined under section 4958(f)(4)) of an individual described in clause (i), or

''(iii) a 35-percent controlled entity (as defined in section 4958(f)(3) by substituting 'persons described in clause (i) or (ii) of section 509(f)(2)(B)' for 'persons described in subparagraph (A) or (B) of paragraph (1)' in subparagraph (A)(i) thereof).

''(3) SUPPORTED ORGANIZATION.—For purposes of this subsection, the term 'supported organization' means, with respect to an organization described in subsection (a)(3), an

organization described in paragraph (1) or (2) of subsection (a)—

''(A) for whose benefit the organization described in subsection (a)(3) is organized and operated, or

''(B) with respect to which the organization performs the functions of, or carries out the purposes of.''.

(c) CHARITABLE TRUSTS WHICH ARE TYPE III SUPPORTING ORGANIZATIONS.—For purposes of section 509(a)(3)(B)(iii) of the Internal Revenue Code of 1986, an organization which is a trust shall not be considered to be operated in connection with any organization described in paragraph (1) or (2) of section 509(a) of such Code solely because—

(1) it is a charitable trust under State law,

(2) the supported organization (as defined in section 509(f)(3) of such Code) is a beneficiary of such trust, and

(3) the supported organization (as so defined) has the power to enforce the trust and compel an accounting.

(d) PAYOUT REQUIREMENTS FOR TYPE III SUPPORTING ORGANIZATIONS.—

(1) IN GENERAL.—The Secretary of the Treasury shall promulgate new regulations under section 509 of the Internal Revenue Code of 1986 on payments required by type III supporting organizations which are not functionally integrated type III supporting organizations. Such regulations shall require such organizations to make distributions of a percentage of either income or assets to supported organizations (as defined in section 509(f)(3) of such Code) in order to ensure that a significant amount is paid to such organizations.

(2) TYPE III SUPPORTING ORGANIZATION; FUNCTIONALLY INTEGRATED TYPE III SUPPORTING ORGANIZATION.—For purposes of paragraph (1), the terms ''type III supporting organization'' and ''functionally integrated type III supporting organization'' have the meanings given such terms under subparagraphs (A) and (B) section 4943(f)(5) of the Internal Revenue Code of 1986 (as added by this Act), respectively.

(e) EFFECTIVE DATES.—

(1) IN GENERAL.—The amendments made by subsections (a) and (b) shall take effect on the date of the enactment of this Act.

(2) CHARITABLE TRUSTS WHICH ARE TYPE III SUPPORTING ORGANIZATIONS.—Subsection (c) shall take effect—

(A) in the case of trusts operated in connection with an organization described in paragraph (1) or (2) of section 509(a) of the Internal Revenue Code of 1986 on the date of the enactment of this Act, on the date that is one year after the date of the enactment of this Act, and

(B) in the case of any other trust, on the date of the enactment of this Act.

SEC. 1242. EXCESS BENEFIT TRANSACTIONS INVOLVING SUPPORTING ORGANIZATIONS.

(a) DISQUALIFIED PERSONS.—Paragraph (1) of section 4958(f), as amended by this Act, is amended by redesignating subparagraphs (D) and (E) as subparagraphs (E) and (F), respectively, and by adding after subparagraph (C) the following new subparagraph:

''(D) any person who is described in subparagraph (A), (B), or (C) with respect to an organization described in section 509(a)(3) and organized and operated exclusively for the benefit of, to perform the functions of, or to carry out the purposes of the applicable tax-exempt organization.''.

(b) CERTAIN TRANSACTIONS TREATED AS EXCESS BENEFIT TRANSACTIONS.—Section 4958(c), as amended by this Act, is amended by redesignating paragraph (3) as paragraph (4) and by inserting after paragraph (2) the following new paragraph:

''(3) SPECIAL RULES FOR SUPPORTING ORGANIZATIONS.—

''(A) IN GENERAL.—In the case of any organization described in section 509(a)(3)—

''(i) the term 'excess benefit transaction' includes—

''(I) any grant, loan, compensation, or other similar payment provided by such organization to a person described in subparagraph (B), and

''(II) any loan provided by such organization to a disqualified person (other than an organization described in paragraph (1), (2), or (4) of section 509(a)), and

''(ii) the term 'excess benefit' includes, with respect to any transaction described in clause (i), the amount of any such grant, loan, compensation, or other similar payment.

''(B) PERSON DESCRIBED.—A person is described in this subparagraph if such person is—

''(i) a substantial contributor to such organization,

''(ii) a member of the family (determined under section 4958(f)(4)) of an individual described in clause (i), or

''(iii) a 35-percent controlled entity (as defined in section 4958(f)(3) by substituting 'persons described in clause (i) or (ii) of section 4958(c)(3)(B)' for 'persons described in subparagraph (A) or (B) of paragraph (1)' in subparagraph (A)(i) thereof).

''(C) SUBSTANTIAL CONTRIBUTOR.—For purposes of this paragraph—

''(i) IN GENERAL.—The term 'substantial contributor' means any person who contributed or bequeathed an aggregate amount of more than $5,000 to the organization, if such amount is more than 2 percent of the total contributions and bequests received by the organization before the close of the taxable year of the organization in which the contribution or bequest is received by the organization from such person. In the case of a trust, such term also means the creator of the trust. Rules similar to the rules of subparagraphs (B) and (C) of section 507(d)(2) shall apply for purposes of this subparagraph.

''(ii) EXCEPTION.—Such term shall not include any organization described in paragraph (1), (2), or (4) of section 509(a).''.

(c) EFFECTIVE DATES.—

(1) SUBSECTION (a).—The amendments made by subsection (a) shall apply to transactions occurring after the date of the enactment of this Act.

(2) SUBSECTION (b).—The amendments made by subsection (a) shall apply to transactions occurring after July 25, 2006.

SEC. 1243. EXCESS BUSINESS HOLDINGS OF SUPPORTING ORGANIZATIONS.

(a) IN GENERAL.—Section 4943, as amended by this Act, is amended by adding at the end the following new subsection:

''(f) APPLICATION OF TAX TO SUPPORTING ORGANIZATIONS.—

''(1) IN GENERAL.—For purposes of this section, an organization which is described in paragraph (3) shall be treated as a private foundation.

''(2) EXCEPTION.—The Secretary may exempt the excess business holdings of any organization from the application of this subsection if the Secretary determines that such holdings are consistent with the purpose or function constituting the basis for its exemption under section 501.

''(3) ORGANIZATIONS DESCRIBED.—An organization is described in this paragraph if such organization is—

''(A) a type III supporting organization (other than a functionally integrated type III supporting organization), or

''(B) an organization which meets the requirements of subparagraphs (A) and (C) of section 509(a)(3) and which is supervised or controlled in connection with or one or more organizations described in paragraph (1) or (2) of section 509(a), but only if such organization accepts any gift or contribution from any person described in section 509(f)(2)(B).

''(4) DISQUALIFIED PERSON.—

''(A) IN GENERAL.—In applying this section to any organization described in paragraph (3), the term 'disqualified person' means, with respect to the organization—

''(i) any person who was, at any time during the 5-year period ending on the date described in subsection (a)(2)(A), in a position to exercise substantial influence over the affairs of the organization,

''(ii) any member of the family (determined under section 4958(f)(4)) of an individual described in clause (i),

''(iii) any 35-percent controlled entity (as defined in section 4958(f)(3) by substituting 'persons described in clause (i) or (ii) of section 4943(f)(4)(A)' for 'persons described in subparagraph (A) or (B) of paragraph (1)' in subparagraph (A)(i) thereof),

''(iv) any person described in section 4958(c)(3)(B), and

''(v) any organization—

''(I) which is effectively controlled (directly or indirectly) by the same person or persons who control the organization in question, or

''(II) substantially all of the contributions to which were made (directly or indirectly) by the same person or persons described in subparagraph (B) or a member of the family (within the meaning of section 4946(d)) of such a person.

''(B) PERSONS DESCRIBED.—A person is described in this subparagraph if such person is—

''(i) a substantial contributor to the organization (as defined in section 4958(c)(3)(C)),

''(ii) an officer, director, or trustee of the organization (or an individual having powers or responsibilities similar to those of the officers, directors, or trustees of the organization), or

''(iii) an owner of more than 20 percent of—

''(I) the total combined voting power of a corporation,

''(II) the profits interest of a partnership, or

''(III) the beneficial interest of a trust or unincorporated enterprise,

which is a substantial contributor (as so defined) to the organization.

''(5) TYPE III SUPPORTING ORGANIZATION; FUNCTIONALLY INTEGRATED TYPE III SUPPORTING ORGANIZATION.—For purposes of this subsection—

''(A) TYPE III SUPPORTING ORGANIZATION.—The term 'type III supporting organization' means an organization which meets the requirements of subparagraphs (A) and (C) of section 509(a)(3) and which is operated in connection with one or more organizations described in paragraph (1) or (2) of section 509(a).

''(B) FUNCTIONALLY INTEGRATED TYPE III SUPPORTING ORGANIZATION.—The term 'functionally integrated type III supporting organization' means a type III supporting organization which is not required under regulations established by the Secretary to make payments to supported organizations (as defined under section 509(f)(3)) due to the activities of the organization related to performing the functions of, or carrying out the purposes of, such supported organizations.

''(6) SPECIAL RULE FOR CERTAIN HOLDINGS OF TYPE III SUPPORTING ORGANIZATIONS.—For purposes of this subsection, the term 'excess business holdings' shall not include any holdings of a type III supporting organization in any business enterprise if, as of November 18, 2005, the holdings were held (and at all times thereafter, are held) for the benefit of the community pursuant to the direction of a State attorney general or a State

official with jurisdiction over such organization.

''(7) PRESENT HOLDINGS.—For purposes of this subsection, rules similar to the rules of paragraphs (4), (5), and (6) of subsection (c) shall apply to organizations described in section 509(a)(3), except that—

''(A) 'the date of the enactment of this subsection' shall be substituted for 'May 26, 1969' each place it appears in paragraphs (4), (5), and (6), and

''(B) 'January 1, 2007' shall be substituted for 'January 1, 1970' in paragraph (4)(E).''.

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

SEC. 1244. TREATMENT OF AMOUNTS PAID TO SUPPORTING ORGANIZATIONS BY PRIVATE FOUNDATIONS.

(a) QUALIFYING DISTRIBUTIONS.—Paragraph (4) of section 4942(g) is amended to read as follows:

''(4) LIMITATION ON DISTRIBUTIONS BY NONOPERATING PRIVATE FOUNDATIONS TO SUPPORTING ORGANIZATIONS.—

''(A) IN GENERAL.—For purposes of this section, the term 'qualifying distribution' shall not include any amount paid by a private foundation which is not an operating foundation to—

''(i) any type III supporting organization (as defined in section 4943(f)(5)(A)) which is not a functionally integrated type III supporting organization (as defined in section 4943(f)(5)(B)), and

''(ii) any organization which is described in subparagraph (B) or (C) if—

''(I) a disqualified person of the private foundation directly or indirectly controls such organization or a supported organization (as defined in section 509(f)(3)) of such organization, or

''(II) the Secretary determines by regulations that a distribution to such organization otherwise is inappropriate.

''(B) TYPE I AND TYPE II SUPPORTING ORGANIZATIONS.—An organization is described in this subparagraph if the organization meets the requirements of subparagraphs (A) and (C) of section 509(a)(3) and is—

''(i) operated, supervised, or controlled by one or more organizations described in paragraph (1) or (2) of section 509(a), or

''(ii) supervised or controlled in connection with one or more such organizations.

''(C) FUNCTIONALLY INTEGRATED TYPE III SUPPORTING ORGANIZATIONS.—An organization is described in this subparagraph if the organization is a functionally integrated type III supporting organization (as defined under section 4943(f)(5)(B)).''.

(b) TAXABLE EXPENDITURES.—Subparagraph (A) of section 4945(d)(4) is amended to read as follows:

''(A) such organization—

''(i) is described in paragraph (1) or (2) of section 509(a),

''(ii) is an organization described in section 509(a)(3) (other than an organization described in clause (i) or (ii) of section 4942(g)(4)(A)), or

''(iii) is an exempt operating foundation (as defined in section 4940(d)(2)), or''.

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

SEC. 1245. RETURNS OF SUPPORTING ORGANIZATIONS.

(a) REQUIREMENT TO FILE RETURN.—Subparagraph (B) of section 6033(a)(3) is amended by inserting ''(other than an organization described in section 509(a)(3))'' after ''paragraph (1)''.

(b) MATTERS INCLUDED ON RETURNS.—Section 6033, as amended by this Act, is amended by redesignating subsection (l) as subsection (m) and by inserting after subsection (k) the following new subsection:

''(l) ADDITIONAL PROVISIONS RELATING TO SUPPORTING ORGANIZATIONS.—Every organization described in section 509(a)(3) shall, on the return required under subsection (a)—

''(1) list the supported organizations (as defined in section 509(f)(3)) with respect to which such organization provides support,

''(2) indicate whether the organization meets the requirements of clause (i), (ii), or (iii) of section 509(a)(3)(B), and

''(3) certify that the organization meets the requirements of section 509(a)(3)(C).''.

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

TITLE XIII—OTHER PROVISIONS

SEC. 1301. TECHNICAL CORRECTIONS RELATING TO MINE SAFETY.

Section 110 of the Federal Mine Safety and Health Act of 1977 (30 U.S.C. 820), as amended by the Mine Improvement and New Emergency Response Act of 2006 (Public Law 109-236), is amended—

(1) by striking subsection (d); and

(2) in subsection (a)—

(A) by striking ''(1)(1) The operator'' and inserting ''(1) The operator'';

(B) in the paragraph (2) added by section 8(a)(1)(B) of the Mine Improvement and New Emergency Response Act of 2006 (Public Law 109-236)—

(i) by striking ''paragraph (1)'' and inserting ''subsection (a)(1)''; and

(ii) by redesignating such paragraph as subsection (d) and transferring such subsection so as to appear after subsection (c); and

(3) in subsection (b)—

(A) by striking ''Any operator'' and inserting ''(1) Any operator''; and

(B) in the second sentence, as added by section 8(a)(2) of the Mine Improvement and New Emergency Response Act of 2006 (Public Law 109-236), by striking ''Violations'' and inserting the following:

''(2) Violations''.

SEC. 1302. GOING-TO-THE-SUN ROAD.

(a) IN GENERAL.—Section 1940 of the Safe, Accountable, Flexible, Efficient Transportation Equity Act: A Legacy for Users (119 Stat. 1511) is amended—

(1) in subsection (a)—

(A) by striking paragraphs (1) and (2);

(B) by redesignating paragraphs (3) through (5) as paragraphs (1) through (3), respectively; and

(C) by striking ''$10,000,000'' each place that it appears and inserting ''$16,666,666''; and

(2) by adding at the end the following:

''(c) CONTRACT AUTHORITY.—Except as otherwise provided in this section, funds authorized to be appropriated under this section shall be available for obligation in the same manner as if the funds were apportioned under chapter 1 of title 23, United States Code.''.

(b) RESCISSION.—Section 10212 of the Safe, Accountable, Flexible, Efficient Transportation Equity Act: A Legacy for Users (119 Stat. 1937) is amended by striking ''$8,543,000,000'' each place it appears and inserting ''$8,593,000,000''.

SEC. 1303. EXCEPTION TO THE LOCAL FURNISHING REQUIREMENT OF THE TAX-EXEMPT BOND RULES.

(a) SNETTISHAM HYDROELECTRIC FACILITY.—For purposes of determining whether any private activity bond issued before May 31, 2006, and used to finance the acquisition of the Snettisham hydroelectric facility is a qualified bond for purposes of section 142(a)(8) of the Internal Revenue Code of 1986, the electricity furnished by such facility to the City of Hoonah, Alaska, shall not be taken into account for purposes of section 142(f)(1) of such Code.

(b) LAKE DOROTHY HYDROELECTRIC FACILITY.—For purposes of determining whether any private activity bond issued before May 31, 2006, and used to finance the Lake Dorothy hydroelectric facility is a qualified bond for purposes of section 142(a)(8) of the Internal Revenue Code of 1986, the electricity furnished by such facility to the City of Hoonah, Alaska, shall not be taken into account for purposes of paragraphs (1) and (3) of section 142(f) of such Code.

(c) DEFINITIONS.—For purposes of this section—

(1) LAKE DOROTHY HYDROELECTRIC FACILITY.—The term ''Lake Dorothy hydroelectric facility'' means the hydroelectric facility located approximately 10 miles south of Juneau, Alaska, and commonly referred to as the ''Lake Dorothy project''.

(2) SNETTISHAM HYDROELECTRIC FACILITY.—The term ''Snettisham hydroelectric facility'' means the hydroelectric project described in section 1804 of the Small Business Job Protection Act of 1996.

SEC. 1304. QUALIFIED TUITION PROGRAMS.

(a) PERMANENT EXTENSION OF MODIFICATIONS.—Section 901 of the Economic Growth and Tax Relief Reconciliation Act of 2001 (relating to sunset provisions) shall not apply to section 402 of such Act (relating to modifications to qualified tuition programs).

(b) REGULATORY AUTHORITY TO PREVENT ABUSE.—Section 529 (relating to qualified tuition programs) is amended by adding at the end the following new subsection:

''(f) REGULATIONS.—Notwithstanding any other provision of this section, the Secretary shall prescribe such regulations as may be necessary or appropriate to carry out the purposes of this section and to prevent abuse of such purposes, including regulations under chapters 11, 12, and 13 of this title.''.

TITLE XIV—TARIFF PROVISIONS

SEC. 1401. SHORT TITLE; TABLE OF CONTENTS.

(a) SHORT TITLE.—This title may be cited as the ''Miscellaneous Trade and Technical Corrections Act of 2006''.

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

TITLE XIV—TARIFF PROVISIONS

Sec. 1401. Short title; table of contents.
Sec. 1402. Reference.

Subtitle A—Temporary Duty Suspensions and Reductions

CHAPTER 1—NEW DUTY SUSPENSIONS AND REDUCTIONS

Sec. 1411. Certain non-knit gloves designed for use by auto mechanics.
Sec. 1412. Certain microphones for use in automotive interiors.
Sec. 1413. Acrylic or modacrylic synthetic filament tow.
Sec. 1414. Acrylic or modacrylic synthetic staple fibers, carded, combed, or otherwise processed for spinning.
Sec. 1415. Nitrocellulose.
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Sec. 1419. Certain pepperoncini prepared or preserved otherwise than by vinegar or acetic acid.
Sec. 1420. Certain capers.
Sec. 1421. Certain pepperoncini prepared or preserved by vinegar or acetic acid in concentrations at 0.5 percent or greater.
Sec. 1422. Certain pepperoncini prepared or preserved otherwise than by vinegar or acetic acid in concentrations less than 0.5 percent.

Sec. 1423. Chloral.
Sec. 1424. Imidacloprid technical (imidacloprid).
Sec. 1425. Triadimefon.
Sec. 1426. Polyethylene HE1878.
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Sec. 1435. Crotonaldehyde.
Sec. 1436. Butanedioic acid, dimethyl ester, polymer with 4-hydroxy-2,2,6,6,-tetramethyl-1-piperidineethanol.
Sec. 1437. Mixtures of CAS Nos. 106990-43-6 and 65447-77-0.
Sec. 1438. MCPA.
Sec. 1439. Bronate advanced.
Sec. 1440. Bromoxynil octanoate tech.
Sec. 1441. Bromoxynil meo.
Sec. 1442. Hydraulic control units.
Sec. 1443. Shield asy-steering gear.
Sec. 1444. 2,4-Dichloroaniline.
Sec. 1445. 2-Acetylbutyrolactone.
Sec. 1446. Alkylketone.
Sec. 1447. Cyfluthrin (baythroid).
Sec. 1448. Beta-cyfluthrin.
Sec. 1449. Cyclopropane-1,1-dicarboxylic acid, dimethyl ester.
Sec. 1450. Spiroxamine.
Sec. 1451. Spiromesifen.
Sec. 1452. 4-Chlorobenzaldehyde.
Sec. 1453. Oxadiazon.
Sec. 1454. NAHP.
Sec. 1455. Phosphorus thiochloride.
Sec. 1456. Trifloxystrobin.
Sec. 1457. Phosphoric acid, lanthanum salt, cerium terbium-doped.
Sec. 1458. Lutetium oxide.
Sec. 1459. ACM.
Sec. 1460. Permethrin.
Sec. 1461. Thidiazuron.
Sec. 1462. Flutolanil.
Sec. 1463. Resmethrin.
Sec. 1464. Clothianidin.
Sec. 1465. Certain master cylinder assembles.
Sec. 1466. Certain transaxles.
Sec. 1467. Converter asy.
Sec. 1468. Module and bracket asy-power steering.
Sec. 1469. Unit asy-battery hi volt.
Sec. 1470. Certain articles of natural cork.
Sec. 1471. Glyoxylic acid.
Sec. 1472. Cyclopentanone.
Sec. 1473. Mesotrione technical.
Sec. 1474. Malonic acid-dinitrile 50% NMP.
Sec. 1475. Formulations of NOA 446510.
Sec. 1476. DEMBB distilled-ISO tank.
Sec. 1477. Methylionone.
Sec. 1478. Certain acrylic fiber tow.
Sec. 1479. Certain acrylic fiber tow.
Sec. 1480. MKH 6561 isocyanate.
Sec. 1481. Endosulfan.
Sec. 1482. Tetraconazole.
Sec. 1483. M-alcohol.
Sec. 1484. Certain machines for use in the assembly of motorcycle wheels.
Sec. 1485. Deltamethrin.
Sec. 1486. Palm fatty acid distillate.
Sec. 1487. 4-Methoxy-2-methyldiphenylamine.
Sec. 1488. 2-Methylhydroquinone.
Sec. 1489. 1-Fluoro-2-nitrobenzene.
Sec. 1490. Cosmetic bags with a flexible outer surface of reinforced or laminated polyvinyl chloride (PVC).
Sec. 1491. Mixtures of methyl 4-iodo-2-[3-(4-methoxy-6-methyl-1,3,5-triazin-2-yl)ureidosulfonyl]benzoate, sodium salt (iodosulfuron methyl, sodium salt).
Sec. 1492. Ethyl 4,5-dihydro-5,5-diphenyl-1,2-oxazole-3-carboxylate (isoxadifen-ethyl).
Sec. 1493. (5-cyclopropyl-4-isoxazolyl)[2-(methylsulfonyl)–4-(trifluoromethyl)phenyl]methanone (isoxaflutole).
Sec. 1494. Methyl 2-[(4,6-dimethoxypyrimidin-2-ylcarbamoyl)sulfamoyl]-α-(methanesulfonamido)-p-toluate (mesosulfuron-methyl) whether or not mixed with application adjuvants.
Sec. 1495. Mixtures of foramsulfuron and iodosulfuron-methyl-sodium.
Sec. 1496. Vulcuren UPKA 1988.
Sec. 1497. Vullcanox 41010 NA/LG.
Sec. 1498. Vulkazon AFS/LG.
Sec. 1499. P-Anisaldehyde.
Sec. 1500. 1,2-Pentanediol.
Sec. 1501. Agrumex.
Sec. 1502. Cohedur RL.
Sec. 1503. Formulations of prosulfuron.
Sec. 1504. Lewatit.
Sec. 1505. Para-Chlorophenol.
Sec. 1506. Cypermethrin.
Sec. 1507. Ion-exchange resin powder.
Sec. 1508. Ion-exchange resin powder.
Sec. 1509. Desmodur E 14.
Sec. 1510. Desmodur VP LS 2253.
Sec. 1511. Desmodur R-E.
Sec. 1512. Walocel MW 3000 PFV.
Sec. 1513. TSME.
Sec. 1514. Walocel VP-M 20660.
Sec. 1515. Xama 2.
Sec. 1516. Xama 7.
Sec. 1517. Certain cases for toys.
Sec. 1518. Certain cases for toys.
Sec. 1519. Aniline 2.5-disulfonic acid.
Sec. 1520. 1,4-benzenedicarboxylic acid, polymer with n,n′-bis(2-aminoethyl)–1,2-ethanediamine, cyclized, methosulfate.
Sec. 1521. Sulfur blue 7.
Sec. 1522. Formaldehyde, reaction products with 1,4-benzenediol and m-phenylenediamine, sulfurized.
Sec. 1523. Isocyanatosulfonyl.
Sec. 1524. Isocyanatosulfonyl.
Sec. 1525. Gemifloxacin, gemifloxacin mesylate, and gemifloxacin mesylate sesquihydrate.
Sec. 1526. Butralin.
Sec. 1527. Spirodiclofen.
Sec. 1528. Propamocarb HCL (PREVICUR).
Sec. 1529. Desmodur IL.
Sec. 1530. Chloroacetone.
Sec. 1531. IPN (isophthalonitrile).
Sec. 1532. NOA 446510 technical.
Sec. 1533. Hexythiazox technical.
Sec. 1534. Crelan (self-blocked cycloaliphatic polyuretdione).
Sec. 1535. Aspirin.
Sec. 1536. Desmodur BL XP 2468.
Sec. 1537. Desmodur RF-E.
Sec. 1538. Desmodur HL.
Sec. 1539. D-Mannose.
Sec. 1540. Certain camel hair.
Sec. 1541. Waste of camel hair.
Sec. 1542. Certain camel hair.
Sec. 1543. Woven fabric of vicuna hair.
Sec. 1544. Certain camel hair.
Sec. 1545. Noils of camel hair.
Sec. 1546. Chloroacetic acid, ethyl ester.
Sec. 1547. Chloroacetic acid, sodium salt.
Sec. 1548. Low expansion laboratory glass.
Sec. 1549. Stoppers, lids, and other closures.
Sec. 1550. Pigment yellow 213.
Sec. 1551. Indoxacarb.
Sec. 1552. Dimethyl carbonate.
Sec. 1553. 5-Chloro-1-indanone (EK179).
Sec. 1554. Mixtures of famoxadone and cymoxanil.
Sec. 1555. Decanedioic acid, bis(2,2,6,6-tetramethyl-4-piperidinyl) ester.
Sec. 1556. Acid blue 80.
Sec. 1557. Pigment brown 25.
Sec. 1558. Formulations of azoxystrobin.
Sec. 1559. Formulations of pinoxaden/cloquintocet.
Sec. 1560. Mixtures of difenoconazole/mefenoxam.
Sec. 1561. Fludioxinil technical.
Sec. 1562. Mixtures of clodinafop-propargyl.
Sec. 1563. Avermectin b, 1,4″-deoxy-4″-methylamino-, (4″r)-, benzoate.
Sec. 1564. Cloquintocet-mexyl.
Sec. 1565. Metalaxyl-M technical.
Sec. 1566. Cyproconazole technical.
Sec. 1567. Pinoxaden technical.
Sec. 1568. Mixtures of tralkoxydim.
Sec. 1569. Certain chemicals.
Sec. 1570. Mixtures of (±)–(cis and trans)–1-[[2-(2,4-dichlorophenyl)–4-propyl-1,3-dioxolan-2-yl]-methyl]-1h-1,2,4-triazole.
Sec. 1571. Paraquat dichloride.
Sec. 1572. Certain basketballs.
Sec. 1573. Certain leather basketballs.
Sec. 1574. Certain rubber basketballs.
Sec. 1575. Certain volleyballs.
Sec. 1576. 4-Chloro-3-[[3-(4-methoxyphenyl)–1,3-dioxopropyl]-amino]-dodecyl ester.
Sec. 1577. Linuron.
Sec. 1578. N,N-Dimethylpiperidinium chloride (mepiquat chloride).
Sec. 1579. Diuron.
Sec. 1580. Formulated product Krovar I DF.
Sec. 1581. Triasulfuron technical.
Sec. 1582. Brodifacoum technical.
Sec. 1583. Pymetrozine technical.
Sec. 1584. Formulations of thiamethoxam, difenoconazole, fludioxinil, and mefenoxam.
Sec. 1585. Trifloxysulfuron-sodium technical.
Sec. 1586. 2 Benzylthio-3-ethyl sulfonyl pyridine.
Sec. 1587. 2-Amino-4-methoxy-6-methyl-1,3,5-triazine.
Sec. 1588. Formulated products containing mixtures of the active ingredient 2-chloro-n-[[(4-methoxy-6-methyl-1,3,5-triazin-2yl) amino]carbonyl] benzenesulfonamide and application adjuvants.
Sec. 1589. 2-methyl-4-methoxy-6-methylamino-1,3,5-triazine.
Sec. 1590. Mixtures of sodium-2-chloro-6-[(4,6 dimethoxypyrimidin-2-yl)thio]benzoate and application adjuvants (pyrithiobac-sodium).
Sec. 1591. Certain decorative plates, decorative sculptures, decorative plaques, and architectural miniatures.
Sec. 1592. Certain music boxes.
Sec. 1593. 2-Methyl-4-chlorophenoxyacetic acid.
Sec. 1594. Phenmedipham.
Sec. 1595. Desmedipham.
Sec. 1596. Certain footwear with open toes or heels.
Sec. 1597. Certain work footwear.
Sec. 1598. Certain refracting and reflecting telescopes.
Sec. 1600. Certain work footwear.
Sec. 1601. Certain footwear for men.
Sec. 1602. Certain rubber or plastic footwear.
Sec. 1604. Zinc dimethyldithiocarbamate.
Sec. 1605. Certain liquid crystal device (LCD) panel assemblies.
Sec. 1606. Certain watertube boilers and reactor vessel heads.

CHAPTER 2—EXISTING DUTY SUSPENSIONS AND REDUCTIONS

Sec. 1611. Extension of certain existing duty suspensions and reductions.

Subtitle B—Other Tariff Provisions

CHAPTER 1—LIQUIDATION OR RELIQUIDATION OF CERTAIN ENTRIES

Sec. 1621. Certain tramway cars and associated spare parts.

Sec. 1622. Reliquidation of certain entries of candles.
Sec. 1623. Certain entries of roller chain.
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CHAPTER 2—MISCELLANEOUS PROVISIONS
Sec. 1631. Vessel repair duties.
Sec. 1632. Suspension of new shipper review provision.
Sec. 1633. Extension and modification of duty suspension on wool products; wool research fund; wool duty refunds.
Sec. 1634. Authorities relating to DR–CAFTA Agreement.
Sec. 1635. Technical amendments to Customs modernization.
Subtitle C—Effective Date
Sec. 1641. Effective date.

SEC. 1402. REFERENCE.

Except as otherwise expressly provided, whenever in this title an amendment or repeal is expressed in terms of an amendment to, or repeal of, a chapter, subchapter, note, additional U.S. note, heading, subheading, or other provision, the reference shall be considered to be made to a chapter, subchapter, note, additional U.S. note, heading, subheading, or other provision of the Harmonized Tariff Schedule of the United States (19 U.S.C. 3007).

Subtitle A—Temporary Duty Suspensions and Reductions

CHAPTER 1—NEW DUTY SUSPENSIONS AND REDUCTIONS

SEC. 1411. CERTAIN NON-KNIT GLOVES DESIGNED FOR USE BY AUTO MECHANICS.

(a) IN GENERAL.—Subchapter II of chapter 99 is amended by inserting in numerical sequence the following new headings:

"	9902.14.01	Mechanics' work gloves, valued not over $3.50 per pair (provided for in subheading 6216.00.58)	2.8%	No change	No change	On or before 12/31/2009	
	9902.14.02	Mechanics' work gloves, valued over $3.50 but not over $3.70 per pair (provided for in subheading 6216.00.58)	2.8%	No change	No change	On or before 12/31/2009	".
	9902.14.03	Mechanics' work gloves, valued over $3.70 but not over $4.99 per pair (provided for in subheading 6216.00.58)	2.8%	No change	No change	On or before 12/31/2009	".
	9902.14.04	Mechanics' work gloves, valued over $4.99 but not over $7.72 per pair (provided for in subheading 6216.00.58)	2.8%	No change	No change	On or before 12/31/2009	".
	9902.14.05	Mechanics' work gloves, valued over $7.72 per pair (provided for in subheading 6216.00.58)	2.8%	No change	No change	On or before 12/31/2009	".

(b) AMENDMENT TO U.S. NOTES.—Subchapter II of chapter 99 is amended by adding at the end of the U.S. Notes to such subchapter the following new U.S. Note:

"18. For purposes of headings 9902.14.01, 9902.14.02, 9902.14.03, 9902.14.04, and 9902.14.05, the term 'mechanics' work gloves' means gloves, of man-made fibers, having synthetic leather palms and fingers; fourchettes of synthetic leather or of fabric of nylon or elastomeric yarn; backs comprising either one layer of knitted fabric of elastomeric yarn or three layers, with the outer layer of knitted fabric of elastomeric yarn, the center layer of foam and the inner layer of tricot fabric; the foregoing, whether or not including an thermoplastic rubber logo or pad on the back; and elastic wrist straps with molded thermoplastic rubber hook-and-loop enclosures.".

SEC. 1412. CERTAIN MICROPHONES FOR USE IN AUTOMOTIVE INTERIORS.

Subchapter II of chapter 99 is amended by inserting in numerical sequence the following new heading:

"	9902.10.17	Unidirectional (cardioid) electret condenser microphone modules for use in motor vehicles provided for in headings 8701 through 8705 (other than such modules designed for handheld, microphone stand, or lapel use), the foregoing each including wire leads for external connection, whether or not including a multi-pin board level type connector but not including a battery compartment; having a typical frequency response of 250 Hertz through 7,000 Hertz with no more than a 20 decibel deviation in that frequency range and an electrostatic discharge immunity of 4,000 V (contact) and 8,000 V (air); and capable of operation and storage in the temperature range of -40°C through 85°C and a humidity of not over 95 percent (provided for in subheading 8518.10.80)	Free	No change	No change	On or before 12/31/2009	".

SEC. 1413. ACRYLIC OR MODACRYLIC SYNTHETIC FILAMENT TOW.

Subchapter II of chapter 99 is amended by inserting in numerical sequence the following new heading:

"	9902.10.21	Synthetic filament tow: acrylic or modacrylic (provided for in subheading 5501.30.00)	6.8%	No change	No change	On or before 12/31/2009	".

SEC. 1414. ACRYLIC OR MODACRYLIC SYNTHETIC STAPLE FIBERS, CARDED, COMBED, OR OTHERWISE PROCESSED FOR SPINNING.

Subchapter II of chapter 99 is amended by inserting in numerical sequence the following new heading:

"	9902.10.22	Synthetic staple fibers, carded, combed, or otherwise processed for spinning: acrylic or modacrylic (provided for in subheading 5506.30.00)	Free	No change	No change	On or before 12/31/2009	".

SEC. 1415. NITROCELLULOSE.

Subchapter II of chapter 99 is amended by inserting in numerical sequence the following new heading:

"	9902.10.23	Cellulose nitrates (nitrocellulose, including collodions) (CAS 9004-70-0) (provided for in subheading 3912.20.00)	4.4%	No change	No change	On or before 12/31/2009	".

SEC. 1416. POTASSIUM SORBATE.

Subchapter II of chapter 99 is amended by inserting in numerical sequence the following new heading:

"	9902.10.24	Potassium sorbate (CAS No. 24634–61–5) (provided for in subheading 2916.19.10)	1.4%	No change	No change	On or before 12/31/2009	".

SEC. 1417. SORBIC ACID.

Subchapter II of chapter 99 is amended by inserting in numerical sequence the following new heading:

"	9902.10.25	Sorbic acid (CAS No. 110–44–1) (provided for in subheading 2916.19.20)	1.9%	No change	No change	On or before 12/31/2009	".

SEC. 1418. CERTAIN CAPERS.

Subchapter II of chapter 99 is amended by inserting in numerical sequence the following new heading:

"	9902.10.26	Capers, prepared or preserved by vinegar other than such goods in immediate containers each holding 3.4 kg or less (provided for in subheading 2001.90.20)	Free	No change	No change	On or before 12/31/2009	".

SEC. 1419. CERTAIN PEPPERONCINI PREPARED OR PRESERVED OTHERWISE THAN BY VINEGAR OR ACETIC ACID.

Subchapter II of chapter 99 is amended by inserting in numerical sequence the following new heading:

"	9902.10.27	Pepperoncini, prepared or preserved otherwise than by vinegar, not frozen (provided for in subheading 2005.90.55)	Free	No change	No change	On or before 12/31/2009	".

SEC. 1420. CERTAIN CAPERS.

Subchapter II of chapter 99 is amended by inserting in numerical sequence the following new heading:

"	9902.10.28	Capers, prepared or preserved by vinegar in immediate containers each holding more than 3.4 kg (provided for in subheading 2001.90.10)	Free	No change	No change	On or before 12/31/2009	".

SEC. 1421. CERTAIN PEPPERONCINI PREPARED OR PRESERVED BY VINEGAR OR ACETIC ACID IN CONCENTRATIONS AT 0.5 PERCENT OR GREATER.

Subchapter II of chapter 99 is amended by inserting in numerical sequence the following new heading:

"	9902.10.29	Pepperoncini, prepared or preserved by vinegar (provided for in subheading 2001.90.38)	2.2%	No change	No change	On or before 12/31/2009	".

SEC. 1422. CERTAIN PEPPERONCINI PREPARED OR PRESERVED OTHERWISE THAN BY VINEGAR OR ACETIC ACID IN CONCENTRATIONS LESS THAN 0.5 PERCENT.

Subchapter II of chapter 99 is amended by inserting in numerical sequence the following new heading:

"	9902.10.30	Giardiniera, prepared or preserved otherwise than by vinegar, not frozen (provided for in subheading 2005.90.55)	Free	No change	No change	On or before 12/31/2009	".

SEC. 1423. CHLORAL.

Subchapter II of chapter 99 is amended by inserting in numerical sequence the following new heading:

"	9902.10.31	Trichloroacetaldehyde (CAS No. 75–87–6) (provided for in subheading 2913.00.50)	Free	No change	No change	On or before 12/31/2009	".

SEC. 1424. IMIDACLOPRID TECHNICAL (IMIDACLOPRID).

Subchapter II of chapter 99 is amended by inserting in numerical sequence the following new heading:

"	9902.10.32	1-[(6-Chloro-3-pyrdinyl)methyl]-N-nitro-2-imidazolidinimine (Imidacloprid) (CAS No. 138261–41–3) (provided for in subheading 2933.39.27)	Free	No change	No change	On or before 12/31/2009	".

SEC. 1425. TRIADIMEFON.

Subchapter II of chapter 99 is amended by inserting in numerical sequence the following new heading:

"	9902.10.33	1-(4-Chlorophenoxy)–3,3-dimethyl-1-(1H-1,2,4-triazol-1-y1)–2-butanone (CAS No. 43121–43–3) (Triadimefon) (provided for in subheading 2933.99.22)	Free	No change	No change	On or before 12/31/2009	".

SEC. 1426. POLYETHYLENE HE1878.

Subchapter II of chapter 99 is amended by inserting in numerical sequence the following new heading:

‘‘	9902.10.34	Polyethylene HE1878 (CAS No. 25087–34–7), with 1-butene as comonomer (provided for in subheading 3901.20.50)	3.6%	No change	No change	On or before 12/31/2009	’’.

SEC. 1427. THIACLOPRID.

Subchapter II of chapter 99 is amended by inserting in numerical sequence the following new heading:

‘‘	9902.10.35	(Z)-[3- [(6-chloro-3- pyridinyl) methyl]-2-thiazolidinylidene] cyanamide (thiacloprid) (CAS No. 111988–49–9) (provided for in subheading 2934.10.10)	Free	No change	No change	On or before 12/31/2009	’’.

SEC. 1428. PYRIMETHANIL.

Subchapter II of chapter 99 is amended by inserting in numerical sequence the following new heading:

‘‘	9902.10.36	4,6-Dimethyl-N-phenyl-2-pyrimidinamine (pyrimethanil) (CAS No. 53112–28–0) (provided for in subheading 2933.59.15)	Free	No change	No change	On or before 12/31/2009	’’.

SEC. 1429. FORAMSULFURON.

Subchapter II of chapter 99 is amended by inserting in numerical sequence the following new heading:

‘‘	9902.10.37	Foramsulfuron (Benzamide, 2-(((((4,6-dimethoxy-2-pyrimidinyl)amino) carbonyl)amino)sulfonyl)–4-(formylamino)- N,N-dimethyl-,) (CAS No. 173159–57–4), in bulk or put up in forms or packaging for retail sale (provided for in subheading 2935.00.75 or 3808.30.15)	2.6%	No change	No change	On or before 12/31/2009	’’.

SEC. 1430. FENAMIDONE.

Subchapter II of chapter 99 is amended by inserting in numerical sequence the following new heading:

‘‘	9902.10.38	(5S)–3,5-Dihydro-5- methyl-2-(methylthio)- 5-phenyl-3-(phenylamino)- 4H-imidazol-4-one (Fenamidone) (CAS No. 161326–34–7) (provided for in subheading 2933.29.35)	Free	No change	No change	On or before 12/31/2009	’’.

SEC. 1431. CYCLANILIDE TECHNICAL.

Subchapter II of chapter 99 is amended by inserting in numerical sequence the following new heading:

‘‘	9902.10.39	1-(2,4-Dichloro-phenylaminocarbonyl)-cyclopropanecarboxylic acid (Cyclanilide) (CAS No. 113136–77–9) (provided for in subheading 2924.29.47)	Free	No change	No change	On or before 12/31/2009	’’.

SEC. 1432. PARA-BENZOQUINONE.

Subchapter II of chapter 99 is amended by inserting in numerical sequence the following new heading:

‘‘	9902.10.40	1,4-Benzoquinone (CAS No. 106–51–4) (provided for in subheading 2914.69.90)	Free	No change	No change	On or before 12/31/2009	’’.

SEC. 1433. O-ANISIDINE.

Subchapter II of chapter 99 is amended by inserting in numerical sequence the following new heading:

‘‘	9902.10.41	o-Anisidine (CAS No. 90–04–4) (provided for in subheading 2922.22.10)	Free	No change	No change	On or before 12/31/2009	’’.

SEC. 1434. 2,4-XYLIDINE.

Subchapter II of chapter 99 is amended by inserting in numerical sequence the following new heading:

‘‘	9902.10.43	2,4-Xylidine (CAS No. 95–68–1) (provided for in subheading 2921.49.10)	Free	No change	No change	On or before 12/31/2009	’’.

SEC. 1435. CROTONALDEHYDE.

Subchapter II of chapter 99 is amended by inserting in numerical sequence the following new heading:

‘‘	9902.10.44	Crotonaldehyde (2-butenaldehyde) (CAS No. 4170–30–3) (provided for in subheading 2912.19.50)	Free	No change	No change	On or before 12/31/2009	’’.

SEC. 1436. BUTANEDIOIC ACID, DIMETHYL ESTER, POLYMER WITH 4-HYDROXY-2,2,6,6,-TETRAMETHYL-1-PIPERIDINEETHANOL.

Subchapter II of chapter 99 is amended by inserting in numerical sequence the following new heading:

“	9902.10.47	Butanedioic acid, dimethyl ester, polymer with 4-hydroxy-2,2,6,6,-tetramethyl-1-piperidineethanol (CAS No. 65447–77–0) (provided for in subheading 3907.99.00)	Free	No change	No change	On or before 12/31/2009	”.

SEC. 1437. MIXTURES OF CAS NOS. 106990-43-6 AND 65447-77-0.

Subchapter II of chapter 99 is amended by inserting in numerical sequence the following new heading:

“	9902.10.48	1,3,5-Triazine-2,4,6-triamine, N,N‴-[1,2-ethanediylbis[[[4,6-bis[butyl (1,2,2,6,6-pentamethyl-4-piperidinyl)amino]-1,3,5-triazine-2-yl]imino]-3,1-propanediyl]]bis[N′,N″-dibutyl-N′,N″-bis(1,2,2,6,6-pentamethyl-4-piperidinyl)- (CAS No. 106990–43–6) and Butanedioic acid, dimethylester polymer with 4-hyroxy-2,2,6,6-tetramethyl-1-piperdine ethanol (CAS No. 65447–77–0) (Provided for in subheading 3812.30.90)	Free	No change	No change	On or before 12/31/2009	”.

SEC. 1438. MCPA.

Subchapter II of chapter 99 is amended by inserting in numerical sequence the following new heading:

“	9902.10.54	2-Ethylhexyl (4-chloro-2-methylphenoxy)acetate (CAS No. 29450–45–1) (provided for in subheading 2918.90.20)	Free	No change	No change	On or before 12/31/2009	”.

SEC. 1439. BRONATE ADVANCED.

Subchapter II of chapter 99 is amended by inserting in numerical sequence the following new heading:

“	9902.10.55	Formulations of 2,6-dibromo-4-cyanophenyl octanoate (CAS No. 1689–99–2), 2, 6-dibromo-4-cyanophenyl heptanoate (CAS No. 56634–95–8), and 2-ethylhexyl (4-chloro-2-methylphenoxy)acetate (CAS No. 29450–45–1) (provided for in subheading 3808.30.15)	2.8%	No change	No change	On or before 12/31/2009	”.

SEC. 1440. BROMOXYNIL OCTANOATE TECH.

Subchapter II of chapter 99 is amended by inserting in numerical sequence the following new heading:

“	9902.10.56	2,6-dibromo-4-cyanophenyl octanoate (CAS No. 1689–99–2) (provided for in subheading 2926.90.25)	Free	No change	No change	On or before 12/31/2009	”.

SEC. 1441. BROMOXYNIL MEO.

Subchapter II of chapter 99 is amended by inserting in numerical sequence the following new heading:

“	9902.10.57	2,6-Dibromo-4-cyanophenyl octanoate/heptanoate (CAS Nos.1689–99–2 and 56634–95–8) (provided for in subheading 3808.30.15)	Free	No change	No change	On or before 12/31/2009	”.

SEC. 1442. HYDRAULIC CONTROL UNITS.

Subchapter II of chapter 99 is amended by inserting in numerical sequence the following new heading:

“	9902.10.62	Hydraulic control units designed for use in braking systems of hybrid motor vehicles of heading 8703 (provided for in subheading 9032.89.60)	Free	No change	No change	On or before 12/31/2009	”.

SEC. 1443. SHIELD ASY-STEERING GEAR.

Subchapter II of chapter 99 is amended by inserting in numerical sequence the following new heading:

“	9902.10.63	Steering gear assemblies for single-pinion constant-ratio electronic power assisted steering systems rated at 80 amperes at 12V, the foregoing designed for use in hybrid motor vehicles of heading 8703 (provided for in subheading 8708.99.73)	Free	No change	No change	On or before 12/31/2009	”.

SEC. 1444. 2,4-DICHLOROANILINE.

Subchapter II of chapter 99 is amended by inserting in numerical sequence the following new heading:

“	9902.10.64	2,4-Dichloroaniline (CAS No. 554–00–7) (provided for in subheading 2921.42.18)	Free	No change	No change	On or before 12/31/2009	”.

SEC. 1445. 2-ACETYLBUTYROLACTONE.

Subchapter II of chapter 99 is amended by inserting in numerical sequence the following new heading:

“	9902.10.65	2-Acetylbutyrolactone (CAS No. 517–23–7) (provided for in subheading 2932.29.50)	Free	No change	No change	On or before 12/31/2009	”.

SEC. 1446. ALKYLKETONE.

Subchapter II of chapter 99 is amended by inserting in numerical sequence the following new heading:

‘‘	9902.10.66	1-(4-Chlorophenyl)–4, 4-dimethyl-3-pentanone (CAS No. 66346–01–8) (provided for in subheading 2914.70.40)	Free	No change	No change	On or before 12/31/2009	’’.

SEC. 1447. CYFLUTHRIN (BAYTHROID).

Subchapter II of chapter 99 is amended by inserting in numerical sequence the following new heading:

‘‘	9902.10.67	Cyano(4-fluoro-3-phenoxyphenyl)methyl 3-(2,2-dichloroethenyl)–2,2-dimethylcyclopropanecarboxylate (Cyfluthrin, excluding β-Cyfluthrin) (CAS No. 68359–37–5) (provided for in subheading 2926.90.30)	3.5%	No change	No change	On or before 12/31/2009	’’.

SEC. 1448. BETA-CYFLUTHRIN.

Subchapter II of chapter 99 is amended by inserting in numerical sequence the following new heading:

‘‘	9902.10.68	Reaction mixture comprising the enantiomeric pair (R)-α-cyano-4-fluoro-3-phenoxybenzyl (1S,3S)–3-(2,2-dichlorovinyl)–2,2-dimethylcyclopropanecarboxylate and (S)-α-cyano-4-fluoro-3-phenoxybenzyl (1R,3R)–3-(2,2-dichlorovinyl)–2,2-dimethylcyclopropanecarboxylate in ratio 1:2 with the enantiomeric pair (R)-α-cyano-4-fluoro-3-phenoxybenzyl (1S,3R)–3-(2,2-dichlorovinyl)–2,2-dimethylcyclopropanecarboxylate and (S)-α-cyano-4-fluoro-3-phenoxybenzyl (1R,3S)–3-(2,2-dichlorovinyl)–2,2-dimethylcyclopropanecarboxylate (β-Cyfluthrin) (CAS No. 68359–37–5) (provided for in subheading 2926.90.30)	Free	No change	No change	On or before 12/31/2009	’’.

SEC. 1449. CYCLOPROPANE-1,1-DICARBOXYLIC ACID, DIMETHYL ESTER.

Subchapter II of chapter 99 is amended by inserting in numerical sequence the following new heading:

‘‘	9902.10.69	Cyclopropane-1,1-dicarboxylic acid, dimethyl ester (CAS No. 6914–71–2) (provided for in subheading 2917.20.00)	1.8%	No change	No change	On or before 12/31/2009	’’.

SEC. 1450. SPIROXAMINE.

Subchapter II of chapter 99 is amended by inserting in numerical sequence the following new heading:

‘‘	9902.10.70	8-(1,1-Dimethylethyl)-N-ethyl-N-propyl-1,4-dioxaspiro[4,5]decane-2-methanamine (CAS 118134–30–8) (provided for in subheading 2932.99.90)	Free	No change	No change	On or before 12/31/2009	’’.

SEC. 1451. SPIROMESIFEN.

Subchapter II of chapter 99 is amended by inserting in numerical sequence the following new heading:

‘‘	9902.10.71	3,3-Dimethylbutanoic acid, 2-oxo-3-(2,4,6-trimethylphenyl)–1-oxaspiro[4.4]non-3-en-yl ester (CAS 283594–90–1) (provided for in subheading 2932.29.10)	Free	No change	No change	On or before 12/31/2009	’’.

SEC. 1452. 4-CHLOROBENZALDEHYDE.

Subchapter II of chapter 99 is amended by inserting in numerical sequence the following new heading:

‘‘	9902.10.72	4-Chlorobenzaldehyde (CAS No. 104–88–1) (provided for in subheading 2913.00.40)	Free	No change	No change	On or before 12/31/2009	’’.

SEC. 1453. OXADIAZON.

Subchapter II of chapter 99 is amended by inserting in numerical sequence the following new heading:

‘‘	9902.10.73	5-*tert*-butyl-3-(2,4-dichloro-5-isopropoxyphenyl)–1,3,4-oxadiazol-2(3H)-one (Oxadiazon) (CAS No. 19666–30–9) (provided for in subheading 2934.99.11)	Free	No change	No change	On or before 12/31/2009	’’.

SEC. 1454. NAHP.

Subchapter II of chapter 99 is amended by inserting in numerical sequence the following new heading:

‘‘	9902.10.74	2-(1,1-Dimethylethyl)–5-hydroxypyrimidine, sodium salt (CAS No. 146237–62–9) (provided for in subheading 2933.59.70)	Free	No change	No change	On or before 12/31/2009	’’.

SEC. 1455. PHOSPHORUS THIOCHLORIDE.

Subchapter II of chapter 99 is amended by inserting in numerical sequence the following new heading:

“	9902.10.75	Phosphorus Thiochloride (CAS No. 3982–91–0) (provided for in subheading 2851.00.00)	Free	No change	No change	On or before 12/31/2009	”.

SEC. 1456. TRIFLOXYSTROBIN.

Subchapter II of chapter 99 is amended by inserting in numerical sequence the following new heading:

“	9902.10.76.	Methyl (E)-methoxyimino-{(E) -α-[1-(α,α,α-trifluoro-m-tolyl) ethylideneaminooxy] -o-tolyl}acetate (Trifloxystrobin) (CAS No. 141517–21–7) (provided for in subheading 2929.90.20)	2.4%	No change	No change	On or before 12/31/2009	”.

SEC. 1457. PHOSPHORIC ACID, LANTHANUM SALT, CERIUM TERBIUM-DOPED.

Subchapter II of chapter 99 is amended by inserting in numerical sequence the following new heading:

“	9902.10.77	Phosphoric acid, lanthanum salt, cerium terbium-doped (CAS No. 95823–34–0) (provided for in subheading 2846.90.80)	Free	No change	No change	On or before 12/31/2009	”.

SEC. 1458. LUTETIUM OXIDE.

Subchapter II of chapter 99 is amended by inserting in numerical sequence the following new heading:

“	9902.10.78	Lutetium oxide (CAS No. 12032–20–1) (provided for in subheading 2846.90.80)	Free	No change	No change	On or before 12/31/2009	”.

SEC. 1459. ACM.

Subchapter II of chapter 99 is amended by inserting in numerical sequence the following new heading:

“	9902.10.79	(3-Acetoxy-3-cyanopropyl) methylphosphinic acid, butyl ester (CAS No. 167004–78–6) (provided for in subheading 2931.00.90)	0.7%	No change	No change	On or before 12/31/2009	”.

SEC. 1460. PERMETHRIN.

Subchapter II of chapter 99 is amended by inserting in numerical sequence the following new heading:

“	9902.10.80	(3-Phenoxyphenyl)methyl 3-(2,2-dichloroethenyl)–2,2-dimethylcyclopropanecarboxylate (Permethrin) (CAS No. 52645–53–1) (provided for in subheading 2916.20.50)	Free	No change	No change	On or before 12/31/2009	”.

SEC. 1461. THIDIAZURON.

Subchapter II of chapter 99 is amended by inserting in numerical sequence the following new heading:

“	9902.10.81	N-Phenyl-N -(1,2,3-thiadiazol-5-yl)urea (Thidiazuron) CAS No. 51707–55–2), whether or not mixed with application adjuvants (provided for in subheading 2934.99.15 or 3808.30.15)	Free	No change	No change	On or before 12/31/2009	”.

SEC. 1462. FLUTOLANIL.

Subchapter II of chapter 99 is amended by inserting in numerical sequence the following new heading:

“	9902.10.82	N-[3-(1-Methylethoxy)phenyl]-2-(trifluoromethyl)benzamide (Flutolanil) (CAS No. 66332–96–5) (provided for in subheading 2924.29.47)	Free	No change	No change	On or before 12/31/2009	”.

SEC. 1463. RESMETHRIN.

Subchapter II of chapter 99 is amended by inserting in numerical sequence the following new heading:

“	9902.10.83	[5-(Phenylmethyl)–3-furanyl]methyl 2,2-dimethyl-3-(2-methyl-1-propenyl) cyclopropanecarboxylate (Resmethrin) (CAS No. 10453–86–8) (provided for in subheading 2932.19.10)	Free	No change	No change	On or before 12/31/2009	”.

SEC. 1464. CLOTHIANIDIN.

Subchapter II of chapter 99 is amended by inserting in numerical sequence the following new heading:

“	9902.10.84	(E)–1-(2-Chloro-1,3-thiazol-5-ylmethyl)–3-methyl-2-nitroguanidine (Clothianidin) (CAS No. 210880–92–5) (provided for in subheading 2934.10.90)	5.4%	No change	No change	On or before 12/31/2009	”.

SEC. 1465. CERTAIN MASTER CYLINDER ASSEMBLES.

Subchapter II of chapter 99 is amended by inserting in numerical sequence the following new heading:

‘‘	9902.10.92	Master cylinder assemblies for braking systems, not incorporating a vacuum booster, the foregoing designed for use in hybrid motor vehicles of heading 8703 (provided for in subheading 8708.39.50)	Free	No change	No change	On or before 12/31/2009	’’.

SEC. 1466. CERTAIN TRANSAXLES.

Subchapter II of chapter 99 is amended by inserting in numerical sequence the following new heading:

‘‘	9902.10.93	Transaxles, each incorporating an integral electronic controller, the foregoing designed for use in hybrid motor vehicles of heading 8703 (provided for in subheading 8708.40.20)	1.5%	No change	No change	On or before 12/31/2009	’’.

SEC. 1467. CONVERTER ASY.

Subchapter II of chapter 99 is amended by inserting in numerical sequence the following new heading:

‘‘	9902.10.94	Static converters capable of converting 300 V direct current to 12 V direct current, designed for use in hybrid motor vehicles of heading 8703 (provided for in subheading 8504.40.95)	Free	No change	No change	On or before 12/31/2009	’’.

SEC. 1468. MODULE AND BRACKET ASY-POWER STEERING.

Subchapter II of chapter 99 is amended by inserting in numerical sequence the following new heading:

‘‘	9902.10.95	Controllers for electronic power assisted steering systems, rated at 80 amperes at 12 V, designed for use in hybrid motor vehicles of heading 8703 (provided for in subheading 8537.10.90)	Free	No change	No change	On or before 12/31/2009	’’.

SEC. 1469. UNIT ASY-BATTERY HI VOLT.

Subchapter II of chapter 99 is amended by inserting in numerical sequence the following new heading:

‘‘	9902.10.96	Nickel metal-hydride storage batteries, exceeding 300 V, the foregoing designed for use in hybrid motor vehicles of heading 8703 (provided for in subheading 8507.80.80)	2.8%	No change	No change	On or before 12/31/2009	’’.

SEC. 1470. CERTAIN ARTICLES OF NATURAL CORK.

Subchapter II of chapter 99 is amended by inserting in numerical sequence the following new heading:

‘‘	9902.10.99	Articles of natural cork, not elsewhere specified or included (provided for in subheading 4503.90.60)	6%	No change	No change	On or before 12/31/2009	’’.

SEC. 1471. GLYOXYLIC ACID.

Subchapter II of chapter 99 is amended by inserting in numerical sequence the following new heading:

‘‘	9902.11.01	Glyoxylic acid (CAS No. 298–12–4) (provided for in subheading 2918.30.90)	1.6%	No change	No change	On or before 12/31/2009	’’.

SEC. 1472. CYCLOPENTANONE.

Subchapter II of chapter 99 is amended by inserting in numerical sequence the following new heading:

‘‘	9902.11.02	Cyclopentanone (CAS No. 120–92–3) (provided for in subheading 2914.29.50)	Free	No change	No change	On or before 12/31/2009	’’.

SEC. 1473. MESOTRIONE TECHNICAL.

(a) CALENDAR YEAR 2006.—Subchapter II of chapter 99 is amended by inserting in numerical sequence the following new heading:

‘‘	9902.11.03	2-[4-(Methylsulfonyl)–2-nitrobenzoyl]-1,3-cyclohexanedione (Mesotrione) (CAS No. 104206–82–8) (provided for in subheading 2930.90.10)	6.04%	No change	No change	On or before 12/31/2006	’’.

(b) CALENDAR YEAR 2007.—

(1) IN GENERAL.—Heading 9902.11.03, as added by subsection (a), is amended—

(A) by striking ‘‘6.04%’’ and inserting ‘‘6.08%’’; and

(B) by striking ‘‘12/31/2006’’ and inserting ‘‘12/31/2007’’.

(2) EFFECTIVE DATE.—The amendments made by paragraph (1) shall take effect on January 1, 2007.

(c) CALENDAR YEARS 2008 AND 2009.—

(1) IN GENERAL.—Heading 9902.11.03, as added by subsection (a) and amended by subsection (b), is further amended—

(A) by striking ‘‘6.08%’’ and inserting ‘‘6.11%’’; and

(B) by striking ‘‘12/31/2007’’ and inserting ‘‘12/31/2009’’.

(2) EFFECTIVE DATE.—The amendments made by paragraph (1) shall take effect on January 1, 2008.

SEC. 1474. MALONIC ACID-DINITRILE 50% NMP.

Subchapter II of chapter 99 is amended by inserting in numerical sequence the following new heading:

“	9902.11.04	50% solution of malononitrile in methyl-2-pyrrolidone solvent (CAS Nos. 109–77–3 and 872–50–4) (provided for in subheading 3824.90.9190)	Free	No change	No change	On or before 12/31/2009	”.

SEC. 1475. FORMULATIONS OF NOA 446510.

Subchapter II of chapter 99 is amended by inserting in numerical sequence the following new heading:

“	9902.11.05	Formulations of NOA 446510 which include NOA 446510 Technical, 2-(4-chloro-phenyl) -N-[2-(3-methoxy-4-prop-2-ynyloxy-phenyl) ethyl]-2-prop-2-ynyloxyacetamide (CAS No. 374726–62–2) (provided for in subheading 3808.20.15)	Free	No change	No change	On or before 12/31/2009	”.

SEC. 1476. DEMBB DISTILLED-ISO TANK.

Subchapter II of chapter 99 is amended by inserting in numerical sequence the following new heading:

“	9902.11.06	2-Bromo-1,3-diethyl-5-methylbenzene (CAS No. 314084–61–2) (DEMBB) (provided for in subheading 2903.69.80)	Free	No change	No change	On or before 12/31/2009	”.

SEC. 1477. METHYLIONONE.

Subchapter II of chapter 99 is amended by inserting in numerical sequence the following new heading:

“	9902.11.10	3-Methyl-4-(2,6,6-trimethylcyclohex-2-enyl)but-3-en-2-one (Methylionone) (CAS No. 1335–46–2) (provided for in subheading 2914.23.00	Free	No change	No change	On or before 12/31/2009	”.

SEC. 1478. CERTAIN ACRYLIC FIBER TOW.

Subchapter II of chapter 99 is amended by inserting in numerical sequence the following new heading:

“	9902.11.11	Acrylic fiber tow (polyacrylonitrile tow) containing by weight a minimum of 92 percent acrylonitrile, not more than 0.1 percent zinc and from 4 to 8 percent water, imported in the form of from 1 to 12 sub-bundles crimped together, each containing 24,000 filaments (plus or minus 0.06 percent) and with average filament denier of 1.5 decitex (plus or minus 0.08 percent) (provided for in subheading 5501.30.00)	Free	No change	No change	On or before 12/31/2009	”.

SEC. 1479. CERTAIN ACRYLIC FIBER TOW.

Subchapter II of chapter 99 is amended by inserting in numerical sequence the following new heading:

“	9902.11.12	Acrylic fiber tow (polyacrylonitrile tow) containing by weight a minimum of 92 percent acrylonitrile, not more than 0.1 percent zinc and from 2 to 8 percent water, imported in the form of 6 sub-bundles crimped together, each containing 45,000 filaments (plus or minus 0.06 percent) and with average filament denier of either 1.48 decitex (plus or minus 0.08 percent) or 1.32 decitex (plus or minus 0.09 percent) (provided for in subheading 5501.30.00)	Free	No change	No change	On or before 12/31/2009	”.

SEC. 1480. MKH 6561 ISOCYANATE.

Subchapter II of chapter 99 is amended by inserting in numerical sequence the following new heading:

“	9902.11.13	2-(Carbomethoxy) benzenesulfonyl isocyanate (CAS No. 74222–95–0) (provided for in subheading 2930.90.29)	Free	No change	No change	On or before 12/31/2009	”.

SEC. 1481. ENDOSULFAN.

Subchapter II of chapter 99 is amended by inserting in numerical sequence the following new heading:

“	9902.11.14	6,7,8,9,10,10- Hexachlorohexahydromethano-2,4,3-benzodioxathiepin-3-oxide (Endosulfan) (CAS No. 115–29–7) (provided for in subheading 2920.90.50 or 3808.10.50)	Free	No change	No change	On or before 12/31/2009	”.

SEC. 1482. TETRACONAZOLE.

Subchapter II of chapter 99 is amended by inserting in numerical sequence the following new heading:

“	9902.11.15	1-[2-(2,4-dichlorophenyl)–3-(1,1,2,2-tetrafluoroethoxy)propyl]-1H-1,2,4-triazole (Tetraconazole) (CAS No. 112281–77–3) (provided for in subheading 2933.99.22)	Free	No change	No change	On or before 12/31/2009	”.

SEC. 1483. M-ALCOHOL.

Subchapter II of chapter 99 is amended by inserting in numerical sequence the following new heading:

"	9902.11.16	2-(2,4-Dichlorophenyl)–3-(1H-1,2,4-triazol-1-yl)propanol (CAS No. 112281–82–0) (provided for in subheading 2933.99.82)	1%	No change	No change	On or before 12/31/2009	".

SEC. 1484. CERTAIN MACHINES FOR USE IN THE ASSEMBLY OF MOTORCYCLE WHEELS.

Subchapter II of chapter 99 is amended by inserting in numerical sequence the following new heading:

"	9902.11.17	Wheel spoke tightening machines (provided for in subheading 8479.89.98), for use with wheels of vehicles of heading 8711	Free	No change	No change	On or before 12/31/2009	".

SEC. 1485. DELTAMETHRIN.

Subchapter II of chapter 99 is amended by inserting in numerical sequence the following new heading:

"	9902.11.26	(S)-α-Cyano-3-phenoxybenzyl (1R,3R)–3-(2,2-dibromovinyl)–2,2-dimethylcyclopropanecarboxylate (Deltamethrin) (CAS No. 52918–63–5) (provided for in subheading 2926.90.30)	Free	No change	No change	On or before 12/31/2009	".

SEC. 1486. PALM FATTY ACID DISTILLATE.

Subchapter II of chapter 99 is amended by inserting in numerical sequence the following new heading:

"	9902.11.32	Monocarboxylic fatty acids derived from palm oil (provided for in subheading 3823.19.20)	1%	No change	No change	On or before 12/31/2009	".

SEC. 1487. 4-METHOXY-2-METHYLDIPHENYLAMINE.

Subchapter II of chapter 99 is amended by inserting in numerical sequence the following new heading:

"	9902.11.35	4-Methoxy-2-methyldiphenylamine (CAS No. 41317–15–1) (provided for in subheading 2922.29.60)	1.1%	No change	No change	On or before 12/31/2009	".

SEC. 1488. 2-METHYLHYDROQUINONE.

Subchapter II of chapter 99 is amended by inserting in numerical sequence the following new heading:

"	9902.11.36	2-Methylhydroquinone (CAS No. 95–71–6) (provided for in subheading 2907.29.90)	Free	No change	No change	On or before 12/31/2009	".

SEC. 1489. 1-FLUORO-2-NITROBENZENE.

Subchapter II of chapter 99 is amended by inserting in numerical sequence the following new heading:

"	9902.11.37	1-Fluoro-2-nitrobenzene (CAS No. 1493–27–2) (provided for in subheading 2904.90.30)	Free	No change	No change	On or before 12/31/2009	".

SEC. 1490. COSMETIC BAGS WITH A FLEXIBLE OUTER SURFACE OF REINFORCED OR LAMINATED POLYVINYL CHLORIDE (PVC).

Subchapter II of chapter 99 is amended by inserting in numerical sequence the following new heading:

"	9902.11.43	Vanity cases that are of a soft sided construction, of reinforced or laminated polyvinyl chloride plastics, and are of a kind normally carried in the pocket or in the handbag and used to contain and apply cosmetic preparations (provided for in subheading 4202.12.20)	13.3%	No change	No change	On or before 12/31/2009	".

SEC. 1491. MIXTURES OF METHYL 4-IODO-2-[3-(4-METHOXY-6-METHYL-1,3,5-TRIAZIN-2-YL)UREIDOSULFONYL]BENZOATE, SODIUM SALT (IODOSULFURON METHYL, SODIUM SALT).

Subchapter II of chapter 99 is amended by inserting in numerical sequence the following new heading:

"	9902.11.44	Mixtures of methyl 4-iodo-2-[3-(4-methoxy-6-methyl-1,3,5- triazin-2-yl) ureidosulfonyl]benzoate, sodium salt (Iodosulfuron methyl, sodium salt) (CAS No. 144550–36–7) and application adjuvants (provided for in subheading 3808.30.15)	Free	No change	No change	On or before 12/31/2009	".

SEC. 1492. ETHYL 4,5-DIHYDRO-5,5-DIPHENYL-1,2-OXAZOLE-3-CARBOXYLATE (ISOXADIFEN-ETHYL).

Subchapter II of chapter 99 is amended by inserting in numerical sequence the following new heading:

"	9902.11.45	Ethyl 4,5-dihydro-5,5-diphenyl-1,2-oxazole-3-carboxylate (Isoxadifen-ethyl) (CAS No. 163520–33–0) (provided for in subheading 2934.99.39)	Free	No change	No change	On or before 12/31/2009	".

SEC. 1493. (5-CYCLOPROPYL-4-ISOXAZOLYL) [2-(METHYLSULFONYL) –4-(TRIFLUOROMETHYL) PHENYL] METHANONE (ISOXAFLUTOLE).

Subchapter II of chapter 99 is amended by inserting in numerical sequence the following new heading:

"	9902.11.46	(5-cyclopropyl-4-isoxazolyl) [2-(methylsulfonyl)–4-(trifluoromethyl) phenyl]methanone (Isoxaflutole) (CAS No. 141112–29–0) (provided for in subheading 2934.99.15)	4.8%	No change	No change	On or before 12/31/2009	".

SEC. 1494. METHYL 2-[(4,6- DIMETHOXYPYRIMIDIN-2-YLCARBAMOYL) SULFAMOYL]-α-(METHANESULFONAMIDO) -P-TOLUATE (MESOSULFURON-METHYL) WHETHER OR NOT MIXED WITH APPLICATION ADJUVANTS.

Subchapter II of chapter 99 is amended by inserting in numerical sequence the following new heading:

"	9902.11.48	Methyl 2-[(4,6-dimethoxypyrimidin-2-ylcarbamoyl) sulfamoyl] -α-(methanesulfonamido) -p-toluate (Mesosulfuron-methyl) (CAS No. 208465–21–8) whether or not mixed with application adjuvants (provided for in subheading 2935.00.75 or 3808.30.15)	Free	No change	No change	On or before 12/31/2009	".

SEC. 1495. MIXTURES OF FORAMSULFURON AND IODOSULFURON-METHYL-SODIUM.

Subchapter II of chapter 99 is amended by inserting in numerical sequence the following new heading:

"	9902.11.49	Mixtures of N,N-dimethyl-2[3-(4,6-dimethoxypyrimidin-2-yl) ureidosulfonyl] -4-formylaminobenzamide (Foramsulfuron) (CAS No. 173159–57–4), methyl 4-iodo-2-[3-(4-methoxy-6- methyl-1,3,5-triazin-2-yl) ureidosulfonyl]benzoate, sodium salt (Iodosulfuron-methyl-sodium) (CAS No. 144550–36–7) and application adjuvants (provided for in subheading 3808.30.15)	Free	No change	No change	On or before 12/31/2009	".

SEC. 1496. VULCUREN UPKA 1988.

Subchapter II of chapter 99 is amended by inserting in numerical sequence the following new heading:

"	9902.11.54	1,6-Bis(N,N'-dibenzylthiocarbamoyldithio)hexane (CAS No. 151900–44–6) (provided for in subheading 2930.20.20)	Free	No change	No change	On or before 12/31/2009	".

SEC. 1497. VULLCANOX 41010 NA/LG.

Subchapter II of chapter 99 is amended by inserting in numerical sequence the following new heading:

"	9902.11.55	N-Isopropyl-N'-phenyl-p-phenylenediamine (CAS No. 101–72–4) (provided for in subheading 2921.51.50)	Free	No change	No change	On or before 12/31/2009	".

SEC. 1498. VULKAZON AFS/LG.

Subchapter II of chapter 99 is amended by inserting in numerical sequence the following new heading:

"	9902.11.56	Pentaerythritolbis(tetrahydrobenzaldehyde acetal) (CAS No. 6600–31–3) (provided for in subheading 2932.99.90)	Free	No change	No change	On or before 12/31/2009	".

SEC. 1499. P-ANISALDEHYDE.

Subchapter II of chapter 99 is amended by inserting in numerical sequence the following new heading:

"	9902.11.57	P-Anisaldehyde (CAS No. 123–11–5) (Benzoldehyde, 4-methoxy-) (provided for in subheading 2912.49.10)	Free	No change	No change	On or before 12/31/2009	".

SEC. 1500. 1,2-PENTANEDIOL.

Subchapter II of chapter 99 is amended by inserting in numerical sequence the following new heading:

"	9902.11.60	1,2-Pentanediol (CAS No. 5343–92–0) (provided for in subheading 2905.39.90)	Free	No change	No change	On or before 12/31/2009	".

SEC. 1501. AGRUMEX.

Subchapter II of chapter 99 is amended by inserting in numerical sequence the following:

"	9902.11.62	o-tert-Butylcyclohexyl acetate, cis form (CAS No. 20298–69–9) (Agrumex) (Cyclohexanol, 2-(1,1-dimethyl-) (provided for in subheading 2915.39.45)	Free	No change	No change	On or before 12/31/2009	".

SEC. 1502. COHEDUR RL.

Subchapter II of chapter 99 is amended by inserting in numerical sequence the following new heading:

"	9902.11.63	Mixtures of resorcinol (CAS No. 108–46–3), hexamethylolmelamine ether (CAS No. 3089–11–0) and dibutyl phthalate (CAS No. 84–74–2) (provided for in subheading 3824.90.28)	Free	No change	No change	On or before 12/31/2009	".

SEC. 1503. FORMULATIONS OF PROSULFURON.

Subchapter II of chapter 99 is amended by inserting in numerical sequence the following new heading:

‘‘	9902.11.64	Mixtures of Prosulfuron (1-(4-methoxy-6-methyl-1,3,5-triazin-2-yl)–3-[2-(3,3,3-trifluoropropyl)-phenylsulfonyl]urea) (CAS No. 94125–34–5) and application adjuvants (provided for in subheading 3808.30.15)	Free	No change	No change	On or before 12/31/2009	’’.

SEC. 1504. LEWATIT.

Subchapter II of chapter 99 is amended by inserting in numerical sequence the following new heading:

‘‘	9902.11.71	Ion-exchange resins (cationic H form), consisting of copolymers of acrylic acid and diethylene glycol divinyl ether (CAS No. 359785–58–3) (provided for in subheading 3914.00.60)	Free	No change	No change	On or before 12/31/2009	’’.

SEC. 1505. PARA-CHLOROPHENOL.

Subchapter II of chapter 99 is amended by inserting in numerical sequence the following new heading:

‘‘	9902.11.72	para-Chlorophenol (CAS No. 106–48–9) (provided for in subheading 2908.10.60)	Free	No change	No change	On or before 12/31/2009	’’.

SEC. 1506. CYPERMETHRIN.

Subchapter II of chapter 99 is amended by inserting in numerical sequence the following new heading:

‘‘	9902.11.74	Cyano(3-phenoxyphenyl)methyl 3-(2,2-dichloroethenyl)–2,2-dimethylcyclopropanecarboxylate (Cypermethrin) (CAS No. 52315–07–8) (provided for in subheading 2926.90.30)	Free	No change	No change	On or before 12/31/2009	’’.

SEC. 1507. ION-EXCHANGE RESIN POWDER.

Subchapter II of chapter 99 is amended by inserting in numerical sequence the following new heading:

‘‘	9902.11.78	Ion-exchange resin powder comprised of a copolymer of methacrylic acid cross-linked with divinylbenzene, in the hydrogen ionic form, of a nominal partical size between 0.025mm and 0.150 mm, dried to less than 5% moisture (CAS No. 50602–21–6)(provided for in subheading 3914.00.60)	Free	No change	No change	On or before 12/31/2009	’’.

SEC. 1508. ION-EXCHANGE RESIN POWDER.

Subchapter II of chapter 99 is amended by inserting in numerical sequence the following new heading:

‘‘	9902.11.79	Ion-exchange resin powder comprised of a copolymer of methacrylic acid cross-linked with divinylbenzene, in the potassium ionic form, of a nominal particle size between 0.025mm and 0.150 mm, dried to less than 10% moisture (CAS No. 65405–55–2) (provided for in subheading 3914.00.60)	Free	No change	No change	On or before 12/31/2009	’’.

SEC. 1509. DESMODUR E 14.

Subchapter II of chapter 99 is amended by inserting in numerical sequence the following new heading:

‘‘	9902.11.80	1,2,3-Propanetriol, polymer with 2,4-diisocyanato-1-methylbenzene, 2-ethyl-2-(hydroxymethyl)–1,3-propanediol, methyloxirane and oxirane (CAS No. 127821–00–5) (provided for in subheading 3909.50.50)	Free	No change	No change	On or before 12/31/2009	’’.

SEC. 1510. DESMODUR VP LS 2253.

Subchapter II of chapter 99 is amended by inserting in numerical sequence the following new heading:

‘‘	9902.11.82	Hexane, 1,6-diisocyanato-, homopolymer, 3,5-dimethyl-1H-pyrazole-blocked (CAS No. 163206–31–3) (provided for in subheading 3911.90.90)	Free	No change	No change	On or before 12/31/2009	’’.

SEC. 1511. DESMODUR R-E.

Subchapter II of chapter 99 is amended by inserting in numerical sequence the following new heading:

‘‘	9902.11.83	4,4′, 4″-TT Desmodur R-E in solvent (CAS No. 2422–91–5) in solvent (provided for in subheading 3824.90.28)	Free	No change	No change	On or before 12/31/2009	’’.

SEC. 1512. WALOCEL MW 3000 PFV.

Subchapter II of chapter 99 is amended by inserting in numerical sequence the following new heading:

‘‘	9902.11.84	Methyl hydroxyethyl cellulose products containing 30% or greater content of 2-hydroxyethyl methyl ether cellulose (‘‘MHEC’’) reaction products with glyoxal (CAS No. 68441–63–4) (provided for in subheading 3912.39.00)	Free	No change	No change	On or before 12/31/2009	’’.

SEC. 1513. TSME.

Subchapter II of chapter 99 is amended by inserting in numerical sequence the following new heading:

‘‘	9902.11.85	ortho/para-Toluenesulfonic acid, methyl ester (TSME) (CAS Nos. 23373–38–8 and 80–48–8) (provided for in subheading 2904.10.32)	Free	No change	No change	On or before 12/31/2009	’’.

SEC. 1514. WALOCEL VP-M 20660.

Subchapter II of chapter 99 is amended by inserting in numerical sequence the following new heading:

‘‘	9902.11.86	Methyl Hydroxyethyl Cellulose with a 77% or greater content of 2-hydroxyethyl methyl ether cellulose (CAS No. 9032–42–2) (provided for in subheading 3912.39.00)	Free	No change	No change	On or before 12/31/2009	’’.

SEC. 1515. XAMA 2.

Subchapter II of chapter 99 is amended by inserting in numerical sequence the following new heading:

‘‘	9902.11.87	Trimethylopropane tris(3-aziridinylpropanoate) (CAS No. 52234–82–9) (provided for in subheading 2933.99.97)	Free	No change	No change	On or before 12/31/2009	’’.

SEC. 1516. XAMA 7.

Subchapter II of chapter 99 is amended by inserting in numerical sequence the following new heading:

‘‘	9902.11.88	Polyfunctional aziridine (CAS No. 57116–45–7) (provided for in subheading 2933.99.97)	Free	No change	No change	On or before 12/31/2009	’’.

SEC. 1517. CERTAIN CASES FOR TOYS.

Subchapter II of chapter 99 is amended by inserting in numerical sequence the following new heading:

‘‘	9902.11.90	Cases or containers (provided for in subheading 4202.92.90 and not including goods described in heading 9902.01.81), specially shaped or fitted for, and with labeling, logo or other descriptive information on the exterior of the case or container indicating its intention to be used for, electronic drawing toys or electronic games of heading 9503 or 9504	Free	No change	No change	On or before 12/31/2009	’’.

SEC. 1518. CERTAIN CASES FOR TOYS.

Subchapter II of chapter 99 is amended by inserting in numerical sequence the following new heading:

‘‘	9902.11.91	Cases or containers (provided for in subheadings 4402.12.80 or 4202.92.90), having one or more molded plastic holders, clips or fasteners, for holding a doll or dolls, whether or not the case or container is also capable of holding other goods	Free	No change	No change	On or before 12/31/2009	’’.

SEC. 1519. ANILINE 2.5-DISULFONIC ACID.

Subchapter II of chapter 99 is amended by inserting in numerical sequence the following new heading:

‘‘	9902.11.92	Aniline 2,5- disulfonic acid (CAS No. 98–44–2) (1,4-Benzenedisnlfonic acid, 2-amino-) (provided for in subheading 2921.42.90)	Free	No change	No change	On or before 12/31/2009	’’.

SEC. 1520. 1,4-BENZENEDICARBOXYLIC ACID, POLYMER WITH N,N′-BIS(2-AMINOETHYL)–1,2-ETHANEDIAMINE, CYCLIZED, METHOSULFATE.

Subchapter II of chapter 99 is amended by inserting in numerical sequence the following new heading:

‘‘	9902.11.93	1,4-Benzenedicarboxylic acid, polymer With N,N′-Bis(2-aminoethyl)–1,2-ethanediamine, cyclized, methosulfate (CAS No. 68187–22–4) (provided for in subheading 3908.90.70)	Free	No change	No change	On or before 12/31/2009	’’.

SEC. 1521. SULFUR BLUE 7.

Subchapter II of chapter 99 is amended by inserting in numerical sequence the following new heading:

"	9902.11.94	4-[(4-Amino- 3-methylphenyl) amino]phenol, reaction products with sodium sulfide (Sulfur Blue 7) (CAS No. 1327–57–7) (provided for in subheading 3204.19.50)	Free	No change	No change	On or before 12/31/2009	".

SEC. 1522. FORMALDEHYDE, REACTION PRODUCTS WITH 1,4-BENZENEDIOL AND M-PHENYLENEDIAMINE, SULFURIZED.

Subchapter II of chapter 99 is amended by inserting in numerical sequence the following new heading:

"	9902.11.95	Formaldehyde, reaction products with 1,4-benzenediol and m-phenylenediamine, sulfurized (CAS No. 110392–46–6) (provided for in subheading 3204.19.50)	Free	No change	No change	On or before 12/31/2009	".

SEC. 1523. ISOCYANATOSULFONYL.

Subchapter II of chapter 99 is amended by inserting in numerical sequence the following new heading:

"	9902.11.96	2-(Isocyanatosulfonyl)benzoic acid, ethyl ester (CAS No. 77375–79–2) (provided for in subheading 2930.90.29)	Free	No change	No change	On or before 12/31/2009	".

SEC. 1524. ISOCYANATOSULFONYL.

Subchapter II of chapter 99 is amended by inserting in numerical sequence the following new heading:

"	9902.11.97	2-(Isocyanatosulfonyl)benzoic acid, methyl ester (CAS No. 74222–95–0) (provided for in subheading 2930.90.29)	Free	No change	No change	On or before 12/31/2009	".

SEC. 1525. GEMIFLOXACIN, GEMIFLOXACIN MESYLATE, AND GEMIFLOXACIN MESYLATE SESQUIHYDRATE.

Subchapter II of chapter 99 is amended by inserting in numerical sequence the following new heading:

"	9902.11.99	Gemifloxacin (CAS No. 175463–14–6); gemifloxacin mesylate (CAS No. 210353–53–0 or 204519–65–3); and gemifloxacin mesylate sesquihydrate (CAS No. 210353–56–3) (the foregoing provided for in subheading 2933.99.46)	Free	No change	No change	On or before 12/31/2009	".

SEC. 1526. BUTRALIN.

Subchapter II of chapter 99 is amended by inserting in numerical sequence the following new heading:

"	9902.12.01	Butralin (CAS No. 33629-47-9) (Benzenamine, 4-(1,1-dimethylethyl)-N- (1-methylpropyl)-2,6-dintro-) (provided for in subheading 2921.43.90)	Free	No change	No change	On or before 12/31/2009	".

SEC. 1527. SPIRODICLOFEN.

Subchapter II of chapter 99 is amended by inserting in numerical sequence the following new heading:

"	9902.12.02	2,2-Dimethylbutanoic acid, 3-(2,4-dichlorophenyl)–2-oxo-1-oxaspiro(4.5)dec-3-en-4-yl ester (Spirodiclofen) (CAS No. 148477–71–8) (provided for in subheading 2932.29.10)	Free	No change	No change	On or before 12/31/2009	".

SEC. 1528. PROPAMOCARB HCL (PREVICUR).

Subchapter II of chapter 99 is amended by inserting in numerical sequence the following new heading:

"	9902.12.03	Mixtures of propyl 3-(dimethylamino) propylcarbamate monohydrochloride (Propamocarb hydrochloride) (CAS No. 25606–41–1) and application adjuvants (provided for in subheading 3808.20.50)	Free	No change	No change	On or before 12/31/2009	".

SEC. 1529. DESMODUR IL.

Subchapter II of chapter 99 is amended by inserting in numerical sequence the following new heading:

"	9902.12.04	Poly(toluene diisocyanate) (CAS No. 26006–20–2) dissolved in organic solvents (provided for in subheading 3911.90.45)	Free	No change	No change	On or before 12/31/2009	".

SEC. 1530. CHLOROACETONE.

Subchapter II of chapter 99 is amended by inserting in numerical sequence the following new heading:

"	9902.12.05	1-Chloro-2-propanone (CAS No. 78–95–5) (provided for in subheading 2914.70.90)	Free	No change	No change	On or before 12/31/2009	".

SEC. 1531. IPN (ISOPHTHALONITRILE).

(a) CALENDAR YEAR 2006.—Subchapter II of chapter 99 is amended by inserting in numerical sequence the following new heading:

‘‘	9902.12.06	1,3-Benzenedicarbonitrile (CAS No. 626–17–5) (provided for in subheading 2926.90.48)	3.04%	No change	No change	On or before 12/31/2006	’’.

(b) CALENDAR YEAR 2007.—
(1) IN GENERAL.—Heading 9902.12.06, as added by subsection (a), is amended—
(A) by striking ‘‘3.04%’’ and inserting ‘‘3.23%’’; and
(B) by striking ‘‘On or before 12/31/2006’’ and inserting ‘‘On or before 12/31/2007’’.
(2) EFFECTIVE DATE.—The amendments made by paragraph (1) shall take effect on January 1, 2007.
(c) CALENDAR YEARS 2008 AND 2009.—
(1) IN GENERAL.—Heading 9902.12.06, as added by subsection (a) and amended by subsection (b), is further amended—
(A) by striking ‘‘3.23%’’ and inserting ‘‘3.4%’’; and
(B) by striking ‘‘On or before 12/31/2007’’ and inserting ‘‘On or before 12/31/2009’’.
(2) EFFECTIVE DATE.—The amendments made by paragraph (1) shall take effect on January 1, 2008.

SEC. 1532. NOA 446510 TECHNICAL.

Subchapter II of chapter 99 is amended by inserting in numerical sequence the following new heading:

‘‘	9902.12.07	4-Chloro-N- [2-[3-methoxy-4-(2-propynyloxy) phenyl]ethyl]-α-(2-propynyloxy)benzeneacetamide (Mandipropamid) (CAS No. 374726–62–2) (provided for in subheading 2924.29.47)	1.2%	No change	No change	On or before 12/31/2009	’’.

SEC. 1533. HEXYTHIAZOX TECHNICAL.

Subchapter II of chapter 99 is amended by inserting in numerical sequence the following new heading:

‘‘	9902.12.08	trans-5-(4-Chlorophenyl)-N-cyclohexyl-4-methyl-2-oxothiazolidine-3-carboxamide (Hexythiazox Technical) (CAS No. 78587–05–0) (provided for in subheading 2934.10.10)	Free	No change	No change	On or before 12/31/2009	’’.

SEC. 1534. CRELAN (SELF-BLOCKED CYCLOALIPHATIC POLYURETDIONE).

Subchapter II of chapter 99 is amended by inserting in numerical sequence the following new heading:

‘‘	9902.12.10	2-Oxepanone polymer with 1,4-butanediol and 5-isocyanato-1-(isocyanatomethyl)–1,3,3-trimethylcyclohexane, 2-ethyl-1-hexanol-blocked (CAS No. 189020–69–7) (provided for in subheading 3909.50.50)	Free	No change	No change	On or before 12/31/2009	’’.

SEC. 1535. ASPIRIN.

Subchapter II of chapter 99 is amended by inserting in numerical sequence the following new heading:

‘‘	9902.12.11	o-Acetylsalicylic acid (aspirin) (CAS No. 50–78–2) (provided for in subheading 2918.22.10)	3.0%	No change	No change	On or before 12/31/2009	’’.

SEC. 1536. DESMODUR BL XP 2468.

Subchapter II of chapter 99 is amended by inserting in numerical sequence the following new heading:

‘‘	9902.12.12	Copolymer of methyl ethyl ketoxime and toluenediisocyanate (CAS No. 352462–03–4) (provided for in subheading 3911.90.45)	Free	No change	No change	On or before 12/31/2009	’’.

SEC. 1537. DESMODUR RF-E.

Subchapter II of chapter 99 is amended by inserting in numerical sequence the following new heading:

‘‘	9902.12.17	Mixtures of tris(4-isocyanatophenyl)thiophosphate (CAS No. 4151–51–3) and ethyl acetate and monochlorobenzene as solvents (provided for in subheading 3824.90.28)	Free	No change	No change	On or before 12/31/2009	’’.

SEC. 1538. DESMODUR HL.

Subchapter II of chapter 99 is amended by inserting in numerical sequence the following new heading:

‘‘	9902.12.18	Benzene, 1,3-diisocyanatomethyl-, polymer with 1,6-diisocyanatohexane (CAS No. 63368–95–6) dissolved in n-butyl acetate (provided for in subheading 3911.90.45)	Free	No change	No change	On or before 12/31/2009	’’.

SEC. 1539. D-MANNOSE.

Subchapter II of chapter 99 is amended by inserting in numerical sequence the following new heading:

‘‘	9902.12.19	D-Mannose (CAS No. 3458–28–4) (provided for in subheading 2940.00.60)	Free	No change	No change	On or before 12/31/2009	’’.

SEC. 1540. CERTAIN CAMEL HAIR.

Subchapter II of chapter 99 is amended by inserting in numerical sequence the following new heading:

"	9902.12.20	Camel hair, processed beyond the degreased or carbonized condition (provided for in subheading 5102.19.90)	Free	No change	No change	On or before 12/31/2009	".

SEC. 1541. WASTE OF CAMEL HAIR.

Subchapter II of chapter 99 is amended by inserting in numerical sequence the following new heading:

"	9902.12.21	Waste of camel hair (provided for in subheading 5103.20.00)	Free	No change	No change	On or before 12/31/2009	".

SEC. 1542. CERTAIN CAMEL HAIR.

Subchapter II of chapter 99 is amended by inserting in numerical sequence the following new heading:

"	9902.12.22	Camel hair carded or combed (provided for in subheading 5105.39.00)	Free	No change	No change	On or before 12/31/2009	".

SEC. 1543. WOVEN FABRIC OF VICUNA HAIR.

Subchapter II of chapter 99 is amended by inserting in numerical sequence the following new heading:

"	9902.12.23	Woven fabrics containing 85 percent or more by weight of vicuna hair (provided for in subheadings 5111.11.70, 5111.19.60, 5112.11.60, or 5112.19.95)	Free	No change	No change	On or before 12/31/2009	".

SEC. 1544. CERTAIN CAMEL HAIR.

Subchapter II of chapter 99 is amended by inserting in numerical sequence the following new heading:

"	9902.12.24	Camel hair, not processed in any manner beyond the degreased or carbonized condition (provided for in subheading 5102.19.20)	Free	No change	No change	On or before 12/31/2009	".

SEC. 1545. NOILS OF CAMEL HAIR.

Subchapter II of chapter 99 is amended by inserting in numerical sequence the following new heading:

"	9902.12.25	Noils of camel hair (provided for in subheading 5103.10.00)	Free	No change	No change	On or before 12/31/2009	".

SEC. 1546. CHLOROACETIC ACID, ETHYL ESTER.

Subchapter II of chapter 99 is amended by inserting in numerical sequence the following new heading:

"	9902.12.33	Chloroacetic acid, ethyl ester (CAS No. 105–39–5) (provided for in subheading 2915.40.50)	Free	No change	No change	On or before 12/31/2009	".

SEC. 1547. CHLOROACETIC ACID, SODIUM SALT.

Subchapter II of chapter 99 is amended by inserting in numerical sequence the following new heading:

"	9902.12.34	Chloroacetic acid, sodium salt (CAS No. 3926–62–3) (provided for in subheading 2915.40.50)	Free	No change	No change	On or before 12/31/2009	".

SEC. 1548. LOW EXPANSION LABORATORY GLASS.

Subchapter II of chapter 99 is amended by inserting in numerical sequence the following new heading:

"	9902.12.39	Laboratory, hygienic, or pharmaceutical glassware, whether or not graduated or calibrated, of low expansion borosilicate glass or alumino-borosilicate glass, having a linear coefficient of expansion not exceeding 3.3 x 10^7 per Kelvin within a temperature range of 0 to 300° C (provided for in subheading 7017.20.00)	3.6%	No change	No change	On or before 12/31/2009	".

SEC. 1549. STOPPERS, LIDS, AND OTHER CLOSURES.

Subchapter II of chapter 99 is amended by inserting in numerical sequence the following new heading:

"	9902.12.40	Stoppers, lids, and other closures of low expansion borosilicate glass or alumino-borosilicate glass, having a linear coefficient of expansion not exceeding 3.3 x 10^7 per Kelvin within a temperature range of 0 to 300° C, produced by automatic machine (provided for in subheading 7010.20.20) or produced by hand (provided for in subheading 7010.20.30)	Free	No change	No change	On or before 12/31/2009	".

SEC. 1550. PIGMENT YELLOW 213.

Subchapter II of chapter 99 is amended by inserting in numerical sequence the following new heading:

"	9902.12.41	1,4-Benzenedicarboxylic acid, 2-[[2-oxo-1-[[1,2,3,4-tetrahydro-7-methoxy-2,3-dioxo-6-quinoxalinyl) amino]carbonyl] propyl]azo]-, dimethyl ester (Pigment Yellow 213) (CAS No. 220198–21–0) (provided for in subheading 3204.17.60)	Free	No change	No change	On or before 12/31/2009	".

SEC. 1551. INDOXACARB.

Subchapter II of chapter 99 is amended by inserting in numerical sequence the following new heading:

"	9902.12.42	(4aS) -7-Chloro-2, 5-dihydro-2- [[(methoxycarbonyl)[4-(trifluoromethoxy) phenyl] amino] carbonyl]-indeno [1,2-e][1,3,4] oxadiazine-4a (3H)-carboxylic acid methyl ester (CAS No. 173584–44–6) (provided for in subheading 2934.99.16)	Free	No change	No change	On or before 12/31/2009	".

SEC. 1552. DIMETHYL CARBONATE.

Subchapter II of chapter 99 is amended by inserting in numerical sequence the following new heading:

"	9902.12.43	Dimethyl carbonate (CAS No. 616–38–6) (provided for in subheading 2920.90.50)	Free	No change	No change	On or before 12/31/2009	".

SEC. 1553. 5-CHLORO-1-INDANONE (EK179).

Subchapter II of chapter 99 is amended by inserting in numerical sequence the following new heading:

"	9902.12.44	5-Chloro-1-indanone (CAS No. 42348–86–7) (provided for in subheading 2914.39.90)	Free	No change	No change	On or before 12/31/2009	".

SEC. 1554. MIXTURES OF FAMOXADONE AND CYMOXANIL.

Subchapter II of chapter 99 is amended by inserting in numerical sequence the following new heading:

"	9902.12.45	Mixtures of 5-methyl-5-(4-phenoxyphenyl)–3-(phenylamino)–2,4-oxazolidinedione] (famoxadone) (CAS No. 131807–57–3), 2-cyano-N-[(ethylamino)carbonyl]-2-(methoxyimino)acetamide (Cymoxanil) (CAS No. 57966–95–7) and application adjuvants (provided for in subheading 3808.20.15)	Free	No change	No change	On or before 12/31/2009	".

SEC. 1555. DECANEDIOIC ACID, BIS(2,2,6,6-TETRAMETHYL-4-PIPERIDINYL) ESTER.

Subchapter II of chapter 99 is amended by inserting in numerical sequence the following new heading:

"	9902.12.47	Decanedioic acid, bis(2,2,6,6-tetramethyl-4-piperidinyl) ester (CAS No. 52829–07–9) (provided for in subheading 2933.39.91)	Free	No change	No change	On or Before 12/31/2009	".

SEC. 1556. ACID BLUE 80.

Subchapter II of chapter 99 is amended by inserting in numerical sequence the following new heading:

"	9902.12.49	Acid Blue 80 (CAS No. 4474–24–2) (provided for in subheading 3204.12.50)	Free	No change	No change	On or before 12/31/2009	".

SEC. 1557. PIGMENT BROWN 25.

Subchapter II of chapter 99 is amended by inserting in numerical sequence the following new heading:

"	9902.12.50	Pigment Brown 25 (CAS No. 6992–11–6) (provided for in subheading 3204.17.04)	Free	No change	No change	On or before 12/31/2009	".

SEC. 1558. FORMULATIONS OF AZOXYSTROBIN.

(a) CALENDAR YEAR 2006.—Subchapter II of chapter 99 is amended by inserting in numerical sequence the following new heading:

"	9902.12.51	Mixtures of benzeneacetic acid, (α E)- 2-[[6-(2-cyanophenoxy) –4-pyrimidinyl] oxy]-α- (methoxymethylene)-, methyl ester (Azoxystrobin) (CAS No. 131860–33–8) and application adjuvants (provided for in subheading 3808.20.15)	6.14%	No change	No change	On or before 12/31/2006	".

(b) CALENDAR YEAR 2007.—

(1) IN GENERAL.—Heading 9902.12.51, as added by subsection (a), is amended—

(A) by striking "6.14%" and inserting "6.15%"; and

(B) by striking "On or before 12/31/2006" and inserting "On or before 12/31/2007".

(2) EFFECTIVE DATE.—The amendments made by paragraph (1) shall take effect on January 1, 2007.

(c) CALENDAR YEARS 2008 AND 2009.—

(1) IN GENERAL.—Heading 9902.12.51, as added by subsection (a) and amended by subsection (b), is further amended—

(A) by striking "6.15%" and inserting "6.17%"; and

(B) by striking "On or before 12/31/2007" and inserting "On or before 12/31/2009".

(2) EFFECTIVE DATE.—The amendments made by paragraph (1) shall take effect on January 1, 2008.

SEC. 1559. FORMULATIONS OF PINOXADEN/CLOQUINTOCET.

(a) CALENDAR YEARS 2006 AND 2007.—Subchapter II of chapter 99 is amended by inserting in numerical sequence the following new heading:

"	9902.12.52	Mixtures of 8(2,6-diethyl-p-tolyl)–1,2,4,5-tetrahydro-7-oxo-7H-pyrazolo[[1,2-d][1,4,5] oxadiazepin-9-yl 2,2-dimethylpropionate (Pinoxaden) (CAS No. 243973–20–8), acetic acid, [5-chloro-8-quinolinyl]oxy]-, 1-methylhexyl ester (Cloquintocet) (CAS No. 99607–70–2) and application adjuvants (provided for in subheading 3808.30.15)	Free	No change	No change	On or before 12/31/2007	".

(b) CALENDAR YEARS 2008 AND 2009.—

(1) IN GENERAL.—Heading 9902.12.52, as added by subsection (a), is further amended—

(A) by striking "Free" and inserting "1.74%"; and

(B) by striking "On or before 12/31/2007" and inserting "On or before 12/31/2009".

(2) EFFECTIVE DATE.—The amendments made by paragraph (1) shall take effect on January 1, 2008.

SEC. 1560. MIXTURES OF DIFENOCONAZOLE/MEFENOXAM.

Subchapter II of chapter 99 is amended by inserting in numerical sequence the following new heading:

"	9902.12.53	Mixtures of 1H-1,2,4-triazole, 1-((2-chlorophenoxy)phenyl)–4-methyl-1,3-dioxolan-2-yl)methyl)- (Difenoconazole) (CAS No. 119446–68–3), (R,S)–2-((2,6-dimethylphenyl) methoxyacetylamino) propionic acid, methyl ester (Mefenoxam) (CAS Nos. 70630–17–0, and 69516–34–3) and application adjuvants (provided for in subheading 3808.20.15)	Free	No change	No change	On or before 12/31/2009	".

SEC. 1561. FLUDIOXINIL TECHNICAL.

Subchapter II of chapter 99 is amended by inserting in numerical sequence the following new heading:

"	9902.12.54	1H-Pyrrole-3-carbonitrile, 4-(2,2-difluoro-1,3-benzodioxol-4-yl)- (fludioxinil) (CAS No. 131341–86–1) (provided for in subheading 2934.99.12)	1.6%	No change	No change	On or before 12/31/2009	".

SEC. 1562. MIXTURES OF CLODINAFOP-PROPARGYL.

Subchapter II of chapter 99 is amended by inserting in numerical sequence the following new heading:

"	9902.12.55	Mixtures of propionic acid, 2-(4-((5-chloro-3-fluoro-2-pyridynyl)oxy)phenoxy-2-propynyl ester, (clodinafop-propargyl) (CAS No. 105512–06–9) (provided for in subheading 3808.30.15)	1.7%	No change	No change	On or before 12/31/2009	".

SEC. 1563. AVERMECTIN B, 1,4″-DEOXY-4″-METHYLAMINO-, (4″R)-, BENZOATE.

Subchapter II of chapter 99 is amended by inserting in numerical sequence the following new heading:

"	9902.12.56	Avermectin B, 1,4″-deoxy-4″-methylamino-, (4″R)-, benzoate (CAS No. 155569–91–8) (provided for in subheading 3824.90.91 or 2932.29.50)	Free	No change	No change	On or before 12/31/2009	".

SEC. 1564. CLOQUINTOCET-MEXYL.

Subchapter II of chapter 99 is amended by inserting in numerical sequence the following new heading:

"	9902.12.57	Acetic acid, 5-chloro-8-quinolinoxy-, 1-methylhexyl ester (Cloquintocet-mexyl) (CAS No. 99607–70–2) (provided for in subheading 2933.49.30)	Free	No change	No change	On or before 12/31/2009	".

SEC. 1565. METALAXYL-M TECHNICAL.

Subchapter II of chapter 99 is amended by inserting in numerical sequence the following new heading:

‘‘	9902.12.58	(R,S)–2-((2,6-Dimethylphenyl) methoxyacetylamino) propionic acid, methyl ester (Metalaxyl-M and L-Metalaxylfenoxam) (CAS Nos. 70630–17–0 and 69516–34–3) (provided for in subheading 2924.29.47)	Free	No change	No change	On or before 12/31/2009	’’.

SEC. 1566. CYPROCONAZOLE TECHNICAL.

Subchapter II of chapter 99 is amended by inserting in numerical sequence the following new heading:

‘‘	9902.12.59	[α-(4-Chlorophenyl)-α-(1-cyclopropylethyl)–1H-1–1,2,4-triazole-1-ethanol (Cyproconazole) (CAS No. 94361–06–5) (provided for in subheading 2934.99.12)	Free	No change	No change	On or before 12/31/2009	’’.

SEC. 1567. PINOXADEN TECHNICAL.

Subchapter II of chapter 99 is amended by inserting in numerical sequence the following new heading:

‘‘	9902.12.60	8-(2,6-Diethyl-4-methylphenyl)–1,2,4,5-tetrahydro-7-oxo-7H-pyrazolo[1,2-d][1,4,5]oxadiazepin-9-yl 2,2-dimethylpropanoate (Pinoxaden) (CAS No. 243973–20–8) (provided for in subheading 2934.99.15)	1.8%	No change	No change	On or before 12/31/2009	’’.

SEC. 1568. MIXTURES OF TRALKOXYDIM.

Subchapter II of chapter 99 is amended by inserting in numerical sequence the following new heading:

‘‘	9902.12.61	Mixtures of 2-[1-(ethoxyimino)propyl]-3-hydroxy-5-(2,4,6-trimethylphenyl)–2-cyclohexen-1-one (Tralkoxydim) (CAS No. 87820–88–0) as the active ingredient and application adjuvants (provided for in subheading 3808.30.15)	Free	No change	No change	On or before 12/31/2009	’’.

SEC. 1569. CERTAIN CHEMICALS.

Subchapter II of chapter 99 is amended by inserting in numerical sequence the following new headings:

‘‘	9902.12.72	Mixtures of zinc dialkyldithiophosphate (CAS No. 6990–43–8) with an elastomer binder of ethylene-propylene-diene monomer and ethyl vinyl acetate, dispersing agents and silica (provided for in subheading 3812.10.50)	Free	No change	No change	On or before 12/31/2009	
	9902.12.73	Mixtures of dithiocarbamate, thiazole, thiuram and thiourea with an elastomer binder of ethylene-propylene-diene monomer and ethyl vinyl acetate, and dispersing agents (provided for in subheading 3812.10.50)	Free	No change	No change	On or before 12/31/2009	
	9902.12.74	Mixtures of caprolactam disulfide (CAS No. 23847–08–7) with an elastomer binder of ethylene-propylene-diene monomer and ethyl vinyl acetate, and dispersing agents (provided for in subheading 3812.10.50)	Free	No change	No change	On or before 12/31/2009	
	9902.12.75	Mixtures of N′-(3,4-dichloro-phenyl)-N,N-dimethylurea (CAS No. 330–54–1) with acrylate rubber (provided for in subheading 3812.10.50)	Free	No change	No change	On or before 12/31/2009	
	9902.12.76	Mixtures of zinc dicyanato diamine (CAS No. 122012–52–6) with an elastomer binder of ethylene-propylene-diene monomer and ethyl vinyl acetate, and dispersing agents (provided for in subheading 3812.10.50)	Free	No change	No change	On or before 12/31/2009	
	9902.12.77	4,8-Dicyclohexyl -6–2,10-dimethyl -12*H*-dibenzo [*d*,*g*][1,3,2] dioxaphosphocin (CAS No. 73912–21–7) (provided for in subheading 2920.90.50)	Free	No change	No change	On or before 12/31/2009	
	9902.12.78	Mixtures of benzenesulfonic acid, dodecyl-, with 2-aminoethanol (CAS No. 26836–07–7) and Poly (oxy-1,2-ethanediyl), α-[1-oxo-9- octadecenyl]-*w*-hydroxy-, (9Z) (CAS No. 9004–96–0) (provided for in subheading 3402.90.50)	Free	No change	No change	On or before 12/31/2009	
	9902.12.79	1,3-Dihydro-3,3-bis (4-hydroxy-m-tolyl)-2H-indol-2-one (CAS No. 47465–97–4) (provided for in subheading 2933.79.08)	Free	No change	No change	On or before 12/31/2009	’’.

SEC. 1570. MIXTURES OF (±)–(CIS AND TRANS)–1-[[2-(2,4-DICHLOROPHENYL)–4-PROPYL-1,3-DIOXOLAN-2-YL]-METHYL]-1H-1,2,4-TRIAZOLE.

(a) IN GENERAL.—Subchapter II of chapter 99 is amended by inserting in numerical sequence the following new heading:

‘‘	9902.12.80	Mixtures of (±)–(cis and trans)–1-[[2-(2,4-Dichlorophenyl)–4-propyl-1,3-dioxolan-2-yl]-methyl]-1H-1,2,4-triazole (CAS No. 60207–90–1) and application adjuvants (provided for in subheading 3808.20.15)	1.1%	No change	No change	On or before 12/31/2009	’’.

(b) CONFORMING AMENDMENT.—Subchapter II of chapter 99 is amended by striking heading 9902.32.04.

SEC. 1571. PARAQUAT DICHLORIDE.

(a) IN GENERAL.—Subchapter II of chapter 99 is amended by inserting in numerical sequence the following new heading:

‘‘	9902.13.06	Paraquat dichloride (1,1’dimethyl-4,4’-bipyridinium dichloride) (CAS No. 1910–42–5) (provided for in subheading 2933.39.23)	3.59%	No change	No change	On or before 12/31/2006	’’.

(b) CALENDAR YEAR 2007.—

(1) IN GENERAL.—Heading 9902.13.06, as added by subsection (a), is amended—

(A) by striking ‘‘3.59%’’ and inserting ‘‘4.02%’’; and

(B) by striking ‘‘On or before 12/31/2006’’ and inserting ‘‘On or before 12/31/2007’’.

(2) EFFECTIVE DATE.—The amendments made by paragraph (1) shall take effect on January 1, 2007.

(c) CALENDAR YEARS 2008 AND 2009.—

(1) IN GENERAL.—Heading 9902.13.06, as added by subsection (a) and amended by subsection (b), is further amended—

(A) by striking ‘‘4.02%’’ and inserting ‘‘4.41%’’; and

(B) by striking ‘‘On or before 12/31/2007’’ and inserting ‘‘On or before 12/31/2009’’.

(2) EFFECTIVE DATE.—The amendments made by paragraph (1) shall take effect on January 1, 2008.

SEC. 1572. CERTAIN BASKETBALLS.

Subchapter II of chapter 99 is amended by inserting in numerical sequence the following new heading:

‘‘	9902.13.07	Basketballs, having an external surface other than leather, rubber, or synthetic (provided for in subheading 9506.62.80)	0.9%	No change	No change	On or before 12/31/2009	’’.

SEC. 1573. CERTAIN LEATHER BASKETBALLS.

Subchapter II of chapter 99 is amended by inserting in numerical sequence the following new heading:

‘‘	9902.13.08	Leather basketballs (provided for in subheading 9506.62.80)	Free	No change	No change	On or before 12/31/2009	’’.

SEC. 1574. CERTAIN RUBBER BASKETBALLS.

Subchapter II of chapter 99 is amended by inserting in numerical sequence the following new heading:

“	9902.13.09	Rubber basketballs (provided for in subheading 9506.62.80)	1.5%	No change	No change	On or before 12/31/2009	”.

SEC. 1575. CERTAIN VOLLEYBALLS.

Subchapter II of chapter 99 is amended by inserting in numerical sequence the following new heading:

“	9902.13.10	Volleyballs (provided for in subheading 9506.62.80)	Free	No change	No change	On or before 12/31/2009	”.

SEC. 1576. 4-CHLORO-3-[[3-(4-METHOXYPHENYL)–1,3-DIOXOPROPYL]-AMINO]-DODECYL ESTER.

Subchapter II of chapter 99 is amended by inserting in numerical sequence the following new heading:

“	9902.13.11	4-Chloro-3-[[3-(4-methoxyphenyl)–1,3-dioxopropyl]-amino]-dodecyl ester (CAS No. 33942–96–0) (provided for in subheading 2924.29.71)	Free	No change	No change	On or before 12/31/2009	”.

SEC. 1577. LINURON.

Subchapter II of chapter 99 is amended by inserting in numerical sequence the following new heading:

“	9902.13.24	3-(3,4-Dichlorophenyl)–1-methoxy-1-methylurea (CAS No. 330–55–2) (Linuron) (provided for in subheading 2924.21.16)	Free	No change	No change	On or before 12/31/2009	”.

SEC. 1578. N,N-DIMETHYLPIPERIDINIUM CHLORIDE (MEPIQUAT CHLORIDE).

Subchapter II of chapter 99 is amended by inserting in numerical sequence the following new heading:

“	9902.13.25	N,N-Dimethylpiperidinium chloride (Mepiquat chloride) (CAS No. 24307–26–4) (provided for in subheading 2933.39.25)	Free	No change	No change	On or before 12/31/2009	”.

SEC. 1579. DIURON.

Subchapter II of chapter 99 is amended by inserting in numerical sequence the following new heading:

“	9902.13.26	Formulations of 3-(3,4-dichlorophenyl)–1,1-dimethylurea (CAS No. 330–54–1) (Diuron) and application adjuvants (provided for in subheading 3808.30.15)	Free	No change	No change	On or before 12/31/2009	”.

SEC. 1580. FORMULATED PRODUCT KROVAR I DF.

Subchapter II of chapter 99 is amended by inserting in numerical sequence the following new heading:

“	9902.13.27	Formulations containing 5-bromo-3-sec-butyl-6-methyluracil (Bromacil) (CAS No. 314–40–9), 3-(3,4-Dichlorophenyl)–1,1-dimethylurea (Diuron) (CAS No. 330–54–1), and application adjuvants (provided for in subheading 3808.30.15)	2.5%	No change	No change	On or before 12/31/2009	”.

SEC. 1581. TRIASULFURON TECHNICAL.

Subchapter II of chapter 99 is amended by inserting in numerical sequence the following new heading:

“	9902.13.28	3-(6-Methoxy-4-methyl-1,3,5-triazin-2-yl)–1-[2-(2-chloroethoxy) phenylsulfonyl]urea (Triasulfuron) (CAS No. 82097–50–5) (provided for in subheading 2935.00.75)	Free	No change	No change	On or before 12/31/2009	”.

SEC. 1582. BRODIFACOUM TECHNICAL.

Subchapter II of chapter 99 is amended by inserting in numerical sequence the following new heading:

“	9902.13.29	3-[3-(4’-Bromo[1,1’-biphenyl]-4-yl)–1,2,3,4-tetrahydro-1-naphthalenyl]-4-hydroxy-2H-1-benzopyran- 2-one (Brodifacoum) (CAS No. 56073–10–0) (provided for in subheading 2932.29.10)	Free	No change	No change	On or before 12/31/2009	”.

SEC. 1583. PYMETROZINE TECHNICAL.

Subchapter II of chapter 99 is amended by inserting in numerical sequence the following new heading:

“	9902.13.30	1,2,4-Triazin-3(2H)-one, 4,5-dihydro-6-methyl-4-[(3-pyridinylmethylene)amino]- (Pymetrozine) (CAS No. 123312–89–0) (provided for in subheading 2933.69.60)	Free	No change	No change	On or before 12/31/2009	”.

SEC. 1584. FORMULATIONS OF THIAMETHOXAM, DIFENOCONAZOLE, FLUDIOXINIL, AND MEFENOXAM.

Subchapter II of chapter 99 is amended by inserting in numerical sequence the following new heading:

“	9902.13.31	Formulations of 3-[(2-chloro-5-thiazolyl)methyl]tetrahydro-5-methyl-N-nitro-1,3,5-oxadiazin-4-imine) (Thiamethoxam) (CAS No. 153719–23–4); 1H-1,2,4-triazole, 1-[[2-[2-chloro-4-(4-chlorophenoxy)phenyl]-4-methyl- 1,3-dioxolan-2-yl]methyl]- (Difenoconazole) (CAS No. 119446–68–3); 1H-Pyrrole-3-carbonitrile, 4-(2,2-difluoro-1,3-benzodioxol-4-yl)- (Fludioxinil) (CAS No. 131341–86–1); and (R,S)–2-[(2,6-dimethylphenylmethoxy)acetylamino]-propionic acid methyl ester (Mefenoxam) (CAS Nos. 70630–17–0 and 69516–34–3) (provided for in subheading 3808.20.15)	Free	No change	No change	On or before 12/31/2009	”.

SEC. 1585. TRIFLOXYSULFURON-SODIUM TECHNICAL.

Subchapter II of chapter 99 is amended by inserting in numerical sequence the following new heading:

“	9902.13.32	N-[[(4,6-Dimethoxy-2-pyrimidinyl)amino]carbonyl]-3-(2,2,2-trifluoroethoxy)–2-pyridinesulfonamide monosodium salt (CAS No. 199119–58–9) (trifloxysulfuron-sodium) (provided for in subheading 2935.00.75)	Free	No change	No change	On or before 12/31/2009	”.

SEC. 1586. 2 BENZYLTHIO-3-ETHYL SULFONYL PYRIDINE.

Subchapter II of chapter 99 is amended by inserting in numerical sequence the following new heading:

“	9902.13.41	2-Benzylthio-3-ethyl sulfonyl pyridine (CAS No. 175729–82–5) (provided for in subheading 2933.39.61)	Free	No change	No change	On or before 12/31/2009	”.

SEC. 1587. 2-AMINO-4-METHOXY-6-METHYL-1,3,5-TRIAZINE.

Subchapter II of chapter 99 is amended by inserting in numerical sequence the following new heading:

“	9902.13.42	2-Amino-4-methoxy-6-methyl-1,3,5-triazine (CAS No. 1668–54–8) (provided for in subheading 2933.69.60)	Free	No change	No change	On or before 12/31/2009	”.

SEC. 1588. FORMULATED PRODUCTS CONTAINING MIXTURES OF THE ACTIVE INGREDIENT 2-CHLORO-N-[[(4-METHOXY-6-METHYL-1,3,5-TRIAZIN-2YL) AMINO]CARBONYL] BENZENESULFONAMIDE AND APPLICATION ADJUVANTS.

Subchapter II of chapter 99 is amended by inserting in numerical sequence the following new heading:

"	9902.13.43	Formulated products containing mixtures of the active ingredient 2-chloro-N-[[(4-methoxy-6-methyl-1,3,5-triazin-2yl) amino]carbonyl] benzenesulfonamide and application adjuvants (Chlorosulfuon) (CAS No. 64902–72–3) (provided for in subheading 3808.30.15)	Free	No change	No change	On or before 12/31/2009	".

SEC. 1589. 2-METHYL-4-METHOXY-6-METHYLAMINO-1,3,5-TRIAZINE.

Subchapter II of chapter 99 is amended by inserting in numerical sequence the following new heading:

"	9902.13.44	2-Methyl-4-methoxy-6-methylamino-1,3,5-triazine (CAS No. 5248–39–5) (provided for in subheading 2933.69.60)	Free	No change	No change	On or before 12/31/2009	".

SEC. 1590. MIXTURES OF SODIUM-2-CHLORO-6-[(4,6 DIMETHOXYPYRIMIDIN-2-YL)THIO]BENZOATE AND APPLICATION ADJUVANTS (PYRITHIOBAC-SODIUM).

Subchapter II of chapter 99 is amended by inserting in numerical sequence the following new heading:

"	9902.13.45	Mixtures of sodium-2-chloro-6-[(4,6 dimethoxypyrimidin-2-yl)thio]benzoate (CAS No. 123343–16–8) and application adjuvants (Pyrithiobac-sodium) (provided for in subheading 3808.30.15)	3.5%	No change	No change	On or before 12/31/2009	".

SEC. 1591. CERTAIN DECORATIVE PLATES, DECORATIVE SCULPTURES, DECORATIVE PLAQUES, AND ARCHITECTURAL MINIATURES.

Subchapter II of chapter 99 is amended by inserting in numerical sequence the following new heading:

"	9902.13.46	Decorative plates, whether or not with decorative rim or attached sculpture; decorative sculptures, each with plate or plaque attached, and decorative plaques each not over 7.65 cm in thickness; architectural miniatures, whether or not put up in sets; all the foregoing of resin materials and containing agglomerated stone, put up for mail order retail sale, whether for wall or tabletop display and each weighing not over 1.36 kg together with their retail packaging (provided for in subheading 3926.40.00).	Free	No change	No change	12/31/2009	".

SEC. 1592. CERTAIN MUSIC BOXES.

Subchapter II of chapter 99 is amended by inserting in numerical sequence the following new heading:

"	9902.13.47	Music boxes with mechanical musical movements, presented in the immediate packaging for shipment to the ultimate purchaser, and each weighing not over 6 kg together with retail packaging (provided for in subheading 9208.10.00)	Free	No change	No change	On or before 12/31/2009	".

SEC. 1593. 2-METHYL-4-CHLOROPHENOXYACETIC ACID.

Subchapter II of chapter 99 is amended by inserting in numerical sequence the following new heading:

"	9902.13.60	2-Methyl-4-chlorophenoxyacetic acid (CAS No. 94–74–6) (provided for in subheading 2918.90.20)	Free	No change	No change	On or before 12/31/2009	".

SEC. 1594. PHENMEDIPHAM.

Subchapter II of chapter 99 is amended by inserting in numerical sequence the following new heading:

"	9902.13.76	3-Methylcarbonylaminophenyl-3-methyl-carbanilate (Phenmedipham) (CAS No. 13684–63–4) in bulk or mixed with application adjuvants (provided for in subheadings 2924.29.47 and 3808.30.15)	Free	No change	No change	On or before 12/31/2009	".

SEC. 1595. DESMEDIPHAM.

Subchapter II of chapter 99 is amended by inserting in numerical sequence the following new heading:

"	9902.13.77	3-Ethoxycarbonylaminophenyl-N-phenylcarbamate (Desmedipham) (CAS No. 13684–56–5) in bulk or mixed with application adjuvants (provided for in subheadings 2924.29.43 and 3808.30.15)	Free	No change	No change	On or before 12/31/2009	".

SEC. 1596. CERTAIN FOOTWEAR WITH OPEN TOES OR HEELS.

Subchapter II of chapter 99 is amended by inserting in numerical sequence the following new heading:

"	9902.13.78	Footwear with outer soles of rubber or plastics and uppers of vegetable fibers, with open toes or open heels, other than house slippers (provided for in subheading 6404.19.25)	Free	No change	No change	On or before 12/31/2009	".

SEC. 1597. CERTAIN WORK FOOTWEAR.

Subchapter II of chapter 99 is amended by inserting in numerical sequence the following new heading:

"	9902.13.85	House slippers with outer soles of rubber, plastics, leather or composition leather and uppers of leather, valued not over $2.50/pair (provided for in subheading 6403.99.75); Sports footwear; tennis shoes, basketball shoes, gym shoes, training shoes and the like, all the foregoing with outer soles of rubber or plastics and uppers of textile materials for women (provided for in subheading 6404.11.20)	Free	No change	No change	On or before 12/31/2009	".

SEC. 1598. CERTAIN REFRACTING AND REFLECTING TELESCOPES.

Subchapter II of chapter 99 is amended by inserting in numerical sequence the following new heading:

"	9902.13.86	Refracting telescopes with 50 mm or smaller objective lenses and reflecting telescopes with 76 mm or smaller mirrors, and parts and accessories thereof (provided for in subheading 9005.80.40 or 9005.90.80)	Free	No change	No change	On or before 12/31/2009	".

SEC. 1600. CERTAIN WORK FOOTWEAR.

Subchapter II of chapter 99 is amended by inserting in numerical sequence the following new heading:

"	9902.13.90	Welt footwear with outer soles of rubber, plastics, leather or composition leather and uppers of pigskin, incorporating a protective metal toe-cap (provided for in subheading 6403.40.30)	Free	No change	No change	On or before 12/31/2009	".

SEC. 1601. CERTAIN FOOTWEAR FOR MEN.

Subchapter II of chapter 99 is amended by inserting in numerical sequence the following new heading:

"	9902.13.91	Other footwear with uppers of vegetable fibers, for men (provided for in subheading 6405.20.30)	4.5%	No change	No change	On or before 12/31/2009	".

SEC. 1602. CERTAIN RUBBER OR PLASTIC FOOTWEAR.

Subchapter II of chapter 99 is amended by inserting in numerical sequence the following new heading:

"	9902.13.92	Other footwear with uppers of vegetable fibers, other than such footwear for men or women (provided for in subheading 6405.20.30)	6.5%	No change	No change	On or before 12/31/2009	".

SEC. 1604. ZINC DIMETHYLDITHIOCARBAMATE.

Subchapter II of chapter 99 is amended by inserting in numerical sequence the following new heading:

"	9902.13.97	Zinc dimethyldithiocarbamate (Ziram) (CAS No. 137–30–4) (provided for in subheading 3808.20.28)	Free	No change	No change	On or before 12/31/2009	".

SEC. 1605. CERTAIN LIQUID CRYSTAL DEVICE (LCD) PANEL ASSEMBLIES.

Subchapter II of chapter 99 is amended by inserting in numerical sequence the following new heading:

"	9902.85.21	Liquid Crystal Device (LCD) panel assemblies for use in LCD direct view televisions (provided for in subheading 9013.80.90)	Free	No change	No change	On or before 12/31/2009	".

SEC. 1606. CERTAIN WATERTUBE BOILERS AND REACTOR VESSEL HEADS.

(a) WATERTUBE BOILERS.—Subchapter II of chapter 99 is amended by inserting in numerical sequence the following new heading:

"	9902.84.01	Watertube boilers with a steam production exceeding 45 t per hour, for use in nuclear facilities entered after 12/31/2008 and on or before 12/31/2010 if the contract for the purchase of such watertube boilers was entered into on or before 7/31/2006 (provided for in subheading 8402.11.00)	Free	No change	No change	On or before 12/31/2010	".

(b) REACTOR VESSEL HEADS.—Subchapter II of chapter 99 is amended by inserting in numerical sequence the following new heading:

"	9902.84.04	Reactor vessel heads and pressurizers for nuclear reactors entered after 12/31/2008 and on or before 12/31/2010 if the contract for the purchase of such heads and pressurizers was entered into on or before 7/31/2006 (provided for in subheading 8401.40.00)	Free	No change	No change	On or before 12/31/2010	".

CHAPTER 2—EXISTING DUTY SUSPENSIONS AND REDUCTIONS

SEC. 1611. EXTENSION OF CERTAIN EXISTING DUTY SUSPENSIONS AND REDUCTIONS.

(a) EXISTING DUTY SUSPENSIONS AND REDUCTION.—Each of the following headings is amended by striking the date in the effective period column and inserting "12/31/2009":

(1) Heading 9902.39.08 (relating to ORGASOL polyamide powders).

(2) Heading 9902.30.90 (relating to 3-amino-2′-(sulfato-ethyl sulfonyl) ethyl benzamide).

(3) Heading 9902.32.91 (relating to MUB 738 INT).

(4) Heading 9902.30.31 (relating to 5-amino-N-(2-hydroxyethyl)–2,3-xylenesulfonamide).

(5) Heading 9902.01.83 (relating to Ethoprop).

(6) Heading 9902.01.73 (relating to Fosetyl-Al).

(7) Heading 9902.03.38 (relating to Flufenacet (FOE hydroxy)).

(8) Heading 9902.02.02 (relating to Methidathion Technical).

(9) Heading 9902.02.12 (relating to difenoconazole).

(10) Heading 9902.02.09 (relating to Lambda-Cyhalothrin).

(11) Heading 9902.02.08 (relating to cyprodinil).

(12) Heading 9902.02.04 (relating to Wakil XL).

(13) Heading 9902.02.06 (relating to Azoxystrobin Technical).

(14) Heading 9902.02.05 (relating to mucochloric acid).

(15) Heading 9902.03.06 (relating to high tenacity multiple (folded) or cabled yarn of viscose rayon).

(16) Heading 9902.05.07 (relating to high tenacity single yarn of viscose rayon with a decitex equal to or greater than 1,000).

(17) Heading 9902.38.31 (relating to Vulkalent E/C).

(18) Heading 9902.01.71 (relating to hexanedioic acid, polymer with 1,3-benzenedimethanamine).

(19) Heading 9902.29.93 (relating to Trinexapac-ethyl).

(20) Heading 9902.38.52 (relating to formulations of triasulfuron).

(21) Heading 9902.39.30 (relating to certain ion-exchange resins).

(22) Heading 9902.32.82 (relating to 2,6 Dichlorotoluene).

(23) Heading 9902.02.33 (relating to Ion exchange resin comprising a compolymer of styrene crosslinked with ethenylbenzene, aminophosphonic acid sodium form).

(24) Heading 9902.02.32 (relating toIon exchange resin comprising a copolymer of styrene crosslinked with divinylbenzene, iminodiacetic acid, sodium form)).

(25) Heading 9902.01.78 (relating to certain bags for toys).

(26) Heading 9902.01.81 (relating to cases for certain children's products).

(27) Heading 9902.01.80 (relating to certain children's products).

(28) Heading 9902.29.34 (relating to certain light absorbing photo dyes).

(29) Heading 9902.85.04 (relating to certain R-core transformers).

(30) Heading 9902.03.04 (relating to reduced vat blue 43).

(31) Heading 9902.03.03 (relating to sulfur black 1).

(32) Heading 9902.01.22 (relating to DMSIP).

(33) Heading 9902.29.35 (relating to 2-(Methoxycarbonyl)benzylsulfonamide).

(34) Heading 9902.02.52 (relating to Imidacloprid pesticides).

(35) Heading 9902.38.15 (relating to Baytron C-R).

(36) Heading 9902.29.87 (relating to 3,4-Ethylenedioxythiophene).

(37) Heading 9902.01.90 (relating to certain filament yarns).

(38) Heading 9902.01.91 (relating to certain filament yarns).

(39) Heading 9902.71.08 (relating to certain semi-manufactured forms of gold).

(40) Heading 9902.04.10 (relating to Crotonic Acid).

(41) Heading 9902.04.09 (relating to 3,6,9-Trioxaundecanedioic acid).

(42) Heading 9902.02.51 (relating to benzoic acid, 2-amino-4-[[(2,5-dichlorophenyl)amino]carbonyl]-, methyl ester).

(43) Heading 9902.32.73 (relating to Solvent blue 124).

(44) Heading 9902.32.55 (relating to Methyl thioglycolate (MTG)).

(45) Heading 9902.01.48 (relating to Ethyl pyruvate).

(46) Heading 9902.04.11 (relating to 1,3-Benzenedicarboxamide, N, N′-Bis (2,2,6,6-tetramethyl-4-piperidinyl)-).

(47) Heading 9902.04.07 (relating to reaction products of phosphorus trichloride with 1,1′-biphenyl and 2,4-bis(1,1-dimethylethyl)phenol).

(48) Heading 9902.04.05 (relating to preparations based on ethanediamide, N-(2-ethoxyphenyl)-N′-(4-isodecylphenyl)-).

(49) Heading 9902.04.06 (relating to 1-Acetyl-4-(3-dodecyl-2,5-dioxo-1-pyrrolidinyl)–2,2,6,6-tetramethylpiperidine).

(50) Heading 9902.04.12 (relating to 3-Dodecyl-1-(2,2,6,6-tetramethyl-4-piperidinyl)–2,5-pyrrolidinedione).

(51) Heading 9902.29.70 (relating to Tetraacetylethylenediamine).

(52) Heading 9902.34.01 (relating to sodium petroleum sulfonate).

(53) Heading 9902.02.75 (relating to esters and sodium esters of parahydroxybenzoic acid).

(54) Heading 9902.30.16 (relating to Diclofop methyl).

(55) Heading 9902.33.61 (relating to ((3-((Dimethylamino)carbonyl)–2-pyridinyl)sulfonyl) carbamic acid, phenyl ester).

(56) Heading 9902.01.45 (relating to Esfenvalerate).

(57) Heading 9902.05.01 (relating to Methyl 2-[[[[[4-(dimethylamino)–6- (2,2,2-trifluoroethoxy)-1,3,5-triazin-2-yl]-amino]carbonyl]amino]sulfonyl]-3-methylbenzoate and application adjuvants).

(58) Heading 9902.01.44 (relating to Benzyl carbazate).

(59) Heading 9902.05.14 (relating to Pyromellitic Dianhydride).

(60) Heading 9902.05.13 (relating to 4,4'-Oxydiphthalic Anhydride).

(61) Heading 9902.05.12 (relating to 4,4'-Oxydianiline).

(62) Heading 9902.05.11 (relating to 3,3',4,4'-Biphenyltetracarboxylic Dianhydride).

(63) Heading 9902.29.80 (relating to 1-[[2-(2,4-dichlorophenyl)–4-propyl-1,3-dioxolan-2-yl]-methyl]-1*H*-1,2,4-triazole).

(64) Heading 9902.05.19 (relating to ethofumesate).

(65) Heading 9902.02.60 (relating to Nemacur VL).

(66) Heading 9902.03.77 (relating to thiophanate methyl).

(67) Heading 9902.84.14 (relating to ceiling fans).

(b) OTHER MODIFICATIONS.—

(1) 2-CHLOROBENZYL CHLORIDE.—Heading 9902.01.56 is amended—

(A) by striking ''2903.69.70'' and inserting ''2903.69.80''; and

(B) by striking ''12/31/2006'' and inserting ''12/31/2009''.

(2) TRIETHYLENE GLYCOL BIS[3-(3-TERT-BUTYL-4-HYDROXY-5-METHYLPHENYL)PROPIONATE] .—Heading 9902.01.88 is amended—

(A) by striking ''Free'' and inserting ''4.1%''; and

(B) by striking ''12/31/2006'' and inserting ''12/31/2009''.

(3) FORMULATIONS OF TRIASULFURON AND DICAMBA.—Heading 9902.38.21 is amended—

(A) in the article description column—

(i) by inserting ''(Triasulfuron)'' before ''(CAS No. 82097-50-5)''; and

(ii) by inserting ''(Dicamba)'' before ''(CAS No. 1918-00-9)''; and

(B) by striking ''12/31/2003'' and inserting ''12/31/2009''.

(4) 11-AMINOUNDECANOIC ACID.—Heading 9902.32.49 is amended—

(A) by striking ''Free'' and inserting ''2.3%''; and

(B) by striking ''12/31/2006'' and inserting ''12/31/2009''.

(5) PHBA.—Heading 9902.29.03 is amended—

(A) by striking ''Free'' and inserting ''3.1%''; and

(B) by striking ''12/31/2006'' and inserting ''12/31/2009''.

(6) ACETAMIPRID TECHNICAL.—Heading 9902.03.92 is amended—

(A) by striking ''Free'' and inserting ''2.5%''; and

(B) by striking ''12/31/2006'' and inserting ''12/31/2009''.

(7) BAYTRON AND BAYTRON P.—Heading 9902.39.15 is amended—

(A) by inserting '', whether or not containing binder resin and organic solvent'' before ''(CAS No.''; and

(B) by striking ''12/31/2006'' and inserting ''12/31/2009''.

(8) IPRODIONE.—Heading 9902.01.51 is amended—

(A) by striking ''4.1%'' and inserting ''2.0%''; and

(B) by striking ''12/31/2006'' and inserting ''12/31/2009''.

(9) ETHANEDIAMIDE, N-(2-ETHOXYPHENYL)-N′-(2-ETHYLPHENYL)-).—Heading 9902.04.13 is amended—

(A) by striking ''2924.29.76'' and inserting ''2924.29.71''; and

(B) by striking ''12/31/2006'' and inserting ''12/31/2009''.

(10) THIAMETHOXAM TECHNICAL.—Heading 9902.03.11 is amended—

(A) by striking ''3.2%'' and inserting ''3.0%''; and

(B) by striking ''12/31/2006'' and inserting ''12/31/2009''.

(11) 1,3-BIS(4-AMINOPHENOXY)BENZENE (RODA).—Heading 9902.05.15 is amended—

(A) by inserting ''(RODA)'' after ''benzene''; and

(B) by striking ''12/31/2006'' and inserting ''12/31/2009''.

(12) MIXTURES OF N-[[(4,6-DIMETHOXYPYRIMIDIN-2-YL)AMINO]CARBONYL]-3-(ETHYLSULFONYL)–2-PYRIDINESULFONAMIDE AND APPLICATION ADJUVANTS.—Heading 9902.33.60 is amended—

(A) by striking the article description and inserting the following: ''Mixtures of N-[[(4,6-dimethoxypyrimidin-2-yl)amino]carbonyl]-3-(ethylsulfonyl)–2-pyridinesulfonamide and application adjuvants (CAS No. 122931–48–0) (provided for in subheading 3808.30.15)''; and

(B) by striking ''12/31/2003'' and inserting ''12/31/2009''.

Subtitle B—Other Tariff Provisions

CHAPTER 1—LIQUIDATION OR RELIQUIDATION OF CERTAIN ENTRIES

SEC. 1621. CERTAIN TRAMWAY CARS AND ASSOCIATED SPARE PARTS.

(a) IN GENERAL.—The Commissioner of the Bureau of Customs and Border Protection of the Department of Homeland Security shall admit free of duty 3 tramway cars (provided for in subheading 8603.10.00 of the Harmonized Tariff Schedule of the United States) manufactured in Ostrava, Czech Republic, for the use by the city of Portland, Oregon, and imported pursuant to a contract with the city of Portland, Oregon, and associated spare parts for such tramway cars (provided for in applicable subheadings of heading 8607 or other headings of the Harmonized Tariff Schedule of the United States) imported pursuant to such contract, the foregoing to be entered into the customs territory of the United States by not later than December 31, 2006.

(b) RELIQUIDATION; REFUND OF AMOUNTS OWED.— If the liquidation of the entry of any of the tramway cars or associated spare parts described in subsection (a) becomes final before the date of the enactment of this Act, the Commissioner of the Bureau of Customs and Border Protection, notwithstanding any other provision of law, shall—

(1) within 15 days after such date, reliquidate the entry in accordance with the provisions of this section; and

(2) at the time of such reliquidation, make the appropriate refund of any duty paid with respect to the entry.

SEC. 1622. RELIQUIDATION OF CERTAIN ENTRIES OF CANDLES.

(a) RELIQUIDATION OF ENTRIES.—Notwithstanding sections 514 and 520 of the Tariff Act of 1930 (19 U.S.C. 1514 and 1520) or any other provision of law, the Bureau of Customs and Border Protection shall, not later than 90 days after the date of the enactment of this Act—

(1) reliquidate the entries listed in subsection (b) without assessment of antidumping duties or interest; and

(2) refund any antidumping duties and interest which were previously paid on such entries.

(b) AFFECTED ENTRIES.—The entries referred to in subsection (a) are the following:

Entry number	Date of entry	Port
110–3447557–3	03/18/00	Los Angeles
110–3447591–2	03/19/00	Los Angeles
110–3447595–3	03/19/00	Los Angeles
110–1201638–1	03/21/00	Detroit
110–1201639–9	03/21/00	Detroit
110–1201640–7	03/21/00	Detroit
110–3447613–4	03/21/00	Los Angeles
110–1201697–7	03/23/00	Detroit
110–1201695–1	03/23/00	Detroit
110–1201696–9	03/23/00	Detroit
110–1201756–1	03/27/00	Detroit
110–1201757–9	03/27/00	Detroit
110–1201758–7	03/27/00	Detroit
110–1740905–2	03/30/00	Los Angeles
110–1740943–3	03/30/00	Los Angeles
110–1201845–2	03/31/00	Detroit
110–1201813–0	04/03/00	Detroit
110–1201814–8	04/03/00	Detroit
110–1201815–5	04/03/00	Detroit
110–1201875–9	04/04/00	Detroit
110–1201868–4	04/04/00	Detroit
110–1201858–5	04/04/00	Detroit
110–3447959–1	04/11/00	Los Angeles
110–3447958–3	04/11/00	Los Angeles
110–3759536–9	04/12/00	Detroit
110–3759561–7	04/12/00	Detroit
110–3759542–7	04/12/00	Detroit
110–3759540–1	04/12/00	Detroit
110–3447977–3	04/12/00	Los Angeles
110–3759539–3	04/12/00	Detroit
110–3448045–8	04/14/00	Los Angeles
110–3448046–6	04/14/00	Los Angeles
110–3448110–0	04/20/00	Los Angeles
110–3759670–6	04/25/00	Detroit
110–3759673–0	04/25/00	Detroit
110–3759669–8	04/25/00	Detroit
110–3759667–2	04/25/00	Detroit
110–3759671–4	04/25/00	Detroit
110–3759668–0	04/25/00	Detroit
110–3448241–3	04/27/00	Los Angeles
110–3448247–0	04/27/00	Los Angeles
110–3448276–9	04/28/00	Memphis
110–3448274–4	04/28/00	Memphis
110–3448282–7	05/04/00	Memphis
101–4081779–1	05/07/00	Memphis
101–4088945–1	05/23/00	Memphis
101–4089954–3	05/23/00	Memphis
101–4088960–0	05/23/00	Memphis
101–4092192–4	05/25/00	Memphis
101–4089312–3	05/26/00	Detroit
101–4089942–7	05/26/00	Detroit
101–4089893–2	05/26/00	Detroit
101–4092221–1	05/26/00	Memphis
101–4089697–7	05/26/00	Los Angeles
101–4092215–3	05/26/00	Memphis
101–4086053–6	05/26/00	Los Angeles
101–4122700–8	07/27/00	Los Angeles
101–4122707–3	07/27/00	Los Angeles
101–4122712–3	07/27/00	Los Angeles
101–4127147–7	08/03/00	Los Angeles
101–4132485–4	08/09/00	Norfolk
101–4129989–0	08/11/00	Detroit
101–4130345–2	08/17/00	Detroit
101–4129976–7	08/23/00	Detroit
101–4149476–4	09/06/00	Los Angeles
101–4149483–0	09/06/00	Los Angeles
101–4149493–9	09/06/00	Los Angeles
101–4148595–2	09/08/00	Detroit
101–4153301–7	09/18/00	Detroit
101–4154523–5	09/14/00	Los Angeles
101–4153389–2	09/18/00	Detroit
101–4157161–1	09/20/00	Norfolk
101–4153333–0	09/21/00	Detroit
101–4155542–4	09/26/00	Detroit
101–4166291–5	10/07/00	Los Angeles
101–4167325–0	10/09/00	Detroit
101–4167363–1	10/12/00	Detroit
101–4164567–0	10/13/00	Norfolk
101–4168049–5	10/14/00	Los Angeles
101–4172904–5	10/21/00	Los Angeles
101–4175579–2	10/30/00	Los Angeles
101–4183996–8	11/07/00	Detroit
101–4183234–4	11/09/00	Detroit
101–4183251–8	11/09/00	Detroit
101–4183253–4	11/09/00	Detroit
101–4183257–5	11/09/00	Detroit
101–4183264–1	11/09/00	Detroit
101–4183264–1	11/09/00	Detroit
101–4184811–8	11/13/00	Los Angeles
101–4184819–1	11/13/00	Los Angeles
101–4189001–1	11/14/00	Tampa
101–4185526–1	11/16/00	Detroit
101–4185535–2	11/16/00	Detroit
101–4186580–7	11/20/00	Detroit
101–4189830–3	11/20/00	Detroit
101–4189774–3	11/21/00	Detroit
101–4191183–3	11/24/00	Los Angeles
101–4191188–2	11/24/00	Los Angeles
101–4191193–2	11/24/00	Los Angeles
101–4194796–9	11/29/00	Detroit
101–4194801–7	11/29/00	Detroit
101–4196383–4	12/01/00	Los Angeles
101–4196389–1	12/01/00	Los Angeles
101–4199308–8	12/13/00	Detroit

SEC. 1623. CERTAIN ENTRIES OF ROLLER CHAIN.

(a) LIQUIDATION OR RELIQUIDATION OF ENTRIES.—Notwithstanding sections 514 and 520 of the Tariff Act of 1930 (19 U.S.C. 1514 and 1520) or any other provision of law, the Bureau of Customs and Border Protection shall, not later than 90 days after the date of enactment of this Act, liquidate or reliquidate

the entries listed in subsection (b) without assessment of interest and shall refund any interest which was previously paid.

(b) AFFECTED ENTRIES.—The entries referred to in subsections (a) and (b) are the following:

Entry number	Date of entry	Port
858442975	08/21/85	Chicago
868558147	01/28/86	Chicago
868565499	03/14/86	Chicago
858440922	07/31/85	Chicago
868565499	03/14/86	Chicago
868558147	01/28/86	Chicago
858442975	08/21/85	Chicago
858440922	07/31/85	Chicago
847648353	06/18/84	Chicago
858268324	01/04/85	Chicago
858264302	11/08/84	Chicago
858265107	11/19/84	Chicago
847650150	07/18/84	Chicago
847412877	05/09/84	Chicago
837078386	03/21/83	Chicago
837077691	02/07/83	Chicago
837077701	02/07/83	Chicago
826735834	01/13/82	Chicago
826736309	01/18/82	Chicago
821020081	02/12/82	Chicago
821020052	02/17/82	Chicago
821026768	04/13/82	Chicago
827119569	06/18/82	Chicago
837075114	10/06/82	Chicago
826727088	10/14/81	Chicago
837124777	05/19/83	Chicago
847405240	11/28/83	Chicago
837127606	08/18/83	Chicago
837125132	06/08/83	Chicago
847406100	12/22/83	Chicago
847404034	11/02/83	Chicago
837128090	09/07/83	Chicago
837126762	08/05/83	Chicago
837125569	06/22/83	Chicago
837078991	04/12/83	Chicago
837129222	10/03/83	Chicago
847406414	12/29/83	Chicago
847408014	01/31/84	Chicago
868569204	07/03/86	Chicago
868730813	08/14/86	Chicago

SEC. 1624. CERTAIN ENTRIES OF SOUNDSPA CLOCK RADIOS.

(a) IN GENERAL.—Notwithstanding section 514 of the Tariff Act of 1930 (19 U.S.C. 1514) or any other provision of law, the Bureau of Customs and Border Protection shall, not later than 90 days after the date of the enactment of this Act—

(1) reliquidate each entry described in subsection (c) containing any merchandise which, on the date of original liquidation, was classified under subheading 8527.19.50 of the Harmonized Tariff Schedule of the United States; and

(2) make such reliquidation at the rate of duty that would have been applicable to such merchandise if the merchandise had been liquidated under subheading 8527.19.10 of such Schedule on the date of entry of the merchandise.

(b) REFUND OF AMOUNTS OWED.—Any amounts owed by the United States under subsection (a) shall be refunded with interest.

(c) AFFECTED ENTRIES.—The entries referred to in subsection (a) are as follows:

Entry number
110–1199345–7
110–1199542–9
110–1199558–5
110–1201694–4
110–3759754–8
110–3759785–2
101–4082299–9
101–4088073–2
101–4089053–3
101–4120875–0
101–4133671–8
101–4138302–5
101–4145092–3
101–4148477–3
101–4153108–6
101–4159322–7
101–4158601–5
101–4163243–9
101–4164448–3
101–4168318–4
101–4172197–6
101–4172489–7
101–4193123–7
101–4264820–2
101–4271724–7
101–4277850–4
101–4287672–0
101–4301588–0
101–4306238–7
101–4306235–3
101–6011727–0
101–6012796–4
101–6015492–7
101–6021099–2
101–6026903–0
101–6024120–3
101–6028079–7
101–6027052–5
101–6036728–9
101–6048069–4
101–6079830–1
101–6082949–4
101–6115954–5
101–6119379–1
101–6127048–2
101–6150035–9
101–6148556–9
101–6172630–1
101–6172406–6
101–6186497–9
101–4208407–7
101–6035939–3

CHAPTER 2—MISCELLANEOUS PROVISIONS

SEC. 1631. VESSEL REPAIR DUTIES.

(a) EXEMPTION.—Section 466(h) of the Tariff Act of 1930 (19 U.S.C. 1466(h)) is amended by striking paragraph (4) and inserting the following:

''(4) the cost of equipment, repair parts, and materials that are installed on a vessel documented under the laws of the United States and engaged in the foreign or coasting trade, if the installation is done by members of the regular crew of such vessel while the vessel is on the high seas, in foreign waters, or in a foreign port, and does not involve foreign shipyard repairs by foreign labor.''.

(b) AMENDMENT TO HTS.—The U.S. Notes to subchapter XVIII of chapter 98 of the Harmonized Tariff Schedule of the United States are amended by amending U.S. Note 2 to read as follows:

''2. Notwithstanding the provisions of subheadings 9818.00.03 through 9818.00.07, no duty shall apply to the cost of equipment, repair parts, and materials that are installed in a vessel documented under the laws of the United States and engaged in the foreign or coasting trade, if the installation is done by members of the regular crew of such vessel while the vessel is on the high seas, in foreign waters, or in a foreign port and does not involve foreign shipyard repairs by foreign labor. Declaration and entry shall not be required with respect to such installation, equipment, parts, and materials.''.

(c) EFFECTIVE DATE.—The amendments made by this section apply to vessel equipment, repair parts, and materials installed on or after April 25, 2001.

SEC. 1632. SUSPENSION OF NEW SHIPPER REVIEW PROVISION.

(a) SUSPENSION OF THE AVAILABILITY OF BONDS TO NEW SHIPPERS.—Clause (iii) of section 751(a)(2)(B) of the Tariff Act of 1930 (19 U.S.C. 1675(a)(2)(B)(iii)) shall not be effective during the period beginning on April 1, 2006, and ending on June 30, 2009.

(b) REPORT ON THE IMPACT OF THE SUSPENSION.—Not later than December 31, 2008, the Secretary of the Treasury, in consultation with the Secretary of Commerce, the United States Trade Representative, and the Secretary of Homeland Security, shall submit to the Committee on Ways and Means of the House of Representatives and the Committee on Finance of the Senate a report containing—

(1) recommendations on whether the suspension of section 751(a)(2)(B)(iii) of the Tariff Act of 1930 should be extended beyond the date provided in subsection (a); and

(2) an assessment of the effectiveness of any administrative measure that was implemented to address the difficulties that necessitated the suspension under subsection (a), including—

(A) any problem in the collection of antidumping duties on imports from new shippers; and

(B) any burden imposed on legitimate trade and commerce by the suspension of bonds to new shippers.

(c) REPORT ON COLLECTION PROBLEMS AND ANALYSIS OF PROPOSED SOLUTIONS.—

(1) REPORT.—Not later than 180 days after the date of the enactment of this Act, the Secretary of the Treasury, in consultation with the Secretary of Homeland Security and the Secretary of Commerce, shall submit to the Committee on Ways and Means of the House of Representatives and the Committee on Finance of the Senate a report describing—

(A) any major problem experienced in the collection of duties during the 4 most recent fiscal years for which data are available, including any fraudulent activity intended to avoid payment of duties; and

(B) an estimate of the total amount of duties that were uncollected during the most recent fiscal year for which data are available, including, with respect to each product, a description of why the duties were uncollected.

(2) RECOMMENDATIONS.—The report shall include—

(A) recommendations on any additional action needed to address problems related to the collection of duties; and

(B) for each recommendation—

(i) an analysis of how the recommendation would address the specific problem; and

(ii) an assessment of the impact that implementing the recommendation would have on international trade and commerce (including any additional costs imposed on United States businesses).

SEC. 1633. EXTENSION AND MODIFICATION OF DUTY SUSPENSION ON WOOL PRODUCTS; WOOL RESEARCH FUND; WOOL DUTY REFUNDS.

(a) EXTENSION OF TEMPORARY DUTY REDUCTIONS.—Each of the following headings of the Harmonized Tariff Schedule of the United States is amended by striking the date in the effective period column and inserting ''12/31/2009'':

(1) Heading 9902.51.11 (relating to fabrics of worsted wool).

(2) Heading 9902.51.13 (relating to yarn of combed wool).

(3) Heading 9902.51.14 (relating to wool fiber, waste, garnetted stock, combed wool, or wool top).

(4) Heading 9902.51.15 (relating to fabrics of combed wool).

(5) Heading 9902.51.16 (relating to fabrics of combed wool).

(b) EXTENSION OF DUTY REFUNDS AND WOOL RESEARCH TRUST FUND.—

(1) IN GENERAL.—Section 4002(c) of the Wool Suit and Textile Trade Extension Act of 2004 (Public Law 108–429; 118 Stat. 2603 (7 U.S.C. 7101 note)) is amended—

(A) in paragraph (3)—

(i) by striking ''2 additional payments'' and inserting ''annual additional payments''; and

(ii) by adding at the end the following:

''(C) Each subsequent annual payment to be made after January 1 of each subsequent year, but on or before April 15 of such year through calendar year 2010.''; and

(B) in paragraph (6)—

(i) in subparagraph (A), by striking ''through 2007'' and inserting ''through 2009''; and

(ii) by adding at the end the following:

''(C) ELIGIBLE MANUFACTURERS.—Only manufacturers who weave worsted wool fabric in the United States shall be eligible for a grant under this paragraph.''.

(2) SUNSET.—Section 506(f) of the Trade and Development Act of 2000 (Public 106–200; 114 Stat. 303), as amended by section 4002(c)(5) of the Wool Suit and Textile Trade Extension Act of 2004 (Public 108–429; 118 Stat. 2603), is amended by striking ''2008'' and inserting ''2010''.

SEC. 1634. AUTHORITIES RELATING TO DR–CAFTA AGREEMENT.

(a) AUTHORITY TO IMPLEMENT CERTAIN AMENDMENTS TO DR–CAFTA AGREEMENT WITH NICARAGUA, EL SALVADOR, HONDURAS, AND GUATEMALA.—

(1) PROCLAMATION AUTHORITY.—The President is authorized to proclaim modifications to the Harmonized Tariff Schedule of the United States as necessary to carry out amendments proposed by the United States and the CAFTA–DR countries to the Agreement, the terms of which are contained in the letters of understanding described in paragraph (2).

(2) LETTERS OF UNDERSTANDING.—The letters of understanding referred to in paragraph (1) are the following:

(A) The letter of March 24, 2006, from Nicaraguan Vice Minister of Trade Julio Teran to United States Special Textile Negotiator Scott Quesenberry.

(B) The letter of March 27, 2006, from United States Special Textile Negotiator Scott Quesenberry to Nicaraguan Vice Minister of Trade Julio Teran.

(C) The letter of January 27, 2006, from El Salvadoran Vice Minister of Economy Eduardo Ayala to United States Special Textile Negotiator Scott Quesenberry.

(D) The letter of January 27, 2006, from United States Special Textile Negotiator Scott Quesenberry to El Salvadoran Vice Minister of Economy Eduardo Ayala.

(E) The letter of March 7, 2006, from Honduran Vice Minister of Foreign Trade Jorge Rosa to United States Special Textile Negotiator Scott Quesenberry.

(F) The letter of March 7, 2006, from United States Special Textile Negotiator Scott Quesenberry to Honduran Vice Minister of Foreign Trade Jorge Rosa.

(G) The letter of June 23, 2006, from Guatemalan Minister of Economy Marcio Cuevas Quezada to United States Special Textile Negotiator Scott Quesenberry.

(H) The letter of June 23, 2006, from United States Special Textile Negotiator Scott Quesenberry to Guatemalan Minister of Economy Marcio Cuevas Quezada.

(3) SUNSET.—The authority of the President to proclaim modifications pursuant to paragraph (1) expires on December 31, 2007.

(b) AUTHORITY TO IMPLEMENT CERTAIN AMENDMENTS TO DR–CAFTA AGREEMENT WITH COSTA RICA AND THE DOMINICAN REPUBLIC.—

(1) PROCLAMATION AUTHORITY.—The President is authorized to proclaim modifications to the Harmonized Tariff Schedule of the United States as necessary to carry out amendments proposed by the United States, Costa Rica, and the Dominican Republic to the Agreement, the terms of which are contained in the letters of understanding described in paragraph (2).

(2) LETTERS OF UNDERSTANDING.—

(A) IN GENERAL.—The letters of understanding referred to in paragraph (1) are letters of understanding exchanged between the countries described in paragraph (1) relating to the rules of origin for articles containing pocket bag fabric described in subparagraph (B).

(B) POCKET BAG FABRIC DESCRIBED.—For purposes of subparagraph (A), the term ''pocket bag fabric'' means pocket bag fabric used in an apparel article classifiable under chapter 61 or 62 of the Harmonized Tariff Schedule of the United States that contains a pocket or pockets.

(3) CONSULTATION AND LAYOVER REQUIREMENTS.—Any modification proclaimed by the President pursuant to paragraph (1) shall be subject to the consultation and layover provisions of section 104 of the Dominican Republic–Central America–United States Free Trade Agreement Implementation Act (Public Law 109-53; 19 U.S.C. 4014).

(4) CONGRESSIONAL DISAPPROVAL.—

(A) IN GENERAL.—Any modification proclaimed by the President pursuant to paragraph (1) shall not be effective if a joint resolution described in subparagraph (B) is enacted into law.

(B) JOINT RESOLUTION DESCRIBED.—For purposes of subparagraph (A), the term ''joint resolution'' means a joint resolution of Congress, the sole matter after the resolving clause of which is as follows: ''That the Congress disapproves the modification proclaimed by the President contained in the report submitted to the Committee on Finance of the Senate and the Committee on Ways and Means of the House of Representatives pursuant to section 104(2) of the Dominican Republic–Central America–United States Free Trade Agreement Implementation Act (Public Law 109-53; 19 U.S.C. 4014(2)) on _____.'', with the blank space being filled with the appropriate date.

(5) SUNSET.—The authority of the President to proclaim modifications pursuant to paragraph (1) expires on December 31, 2007.

(c) AUTHORITY RELATING TO NICARAGUAN TARIFF PREFERENCE LEVEL UNDER DR–CAFTA AGREEMENT.—

(1) CERTIFICATE OF ELIGIBILITY.—The Commissioner of Customs may require an importer to submit at the time the importer files a claim for preferential tariff treatment under Annex 3.28 of the Agreement a certificate of eligibility, properly completed and signed, or transmitted pursuant to an authorized electronic data interchange system, by an authorized official of the Government of Nicaragua for purposes of implementing the tariff preference level for Nicaragua provided in Annex 3.28 of the Agreement.

(2) ENFORCEMENT OF COMMITMENTS.—The President is authorized to proclaim a reduction in the overall limit in the tariff preference level for Nicaragua provided in Annex 3.28 of the Agreement if the President determines that Nicaragua has failed to comply with a commitment under an agreement between the United States and Nicaragua with regard to the administration of such tariff preference level.

(3) EFFECTIVE DATE.—Paragraph (1) applies with respect to entries made on or after April 1, 2006.

(d) TECHNICAL CORRECTION RELATING TO CO-PRODUCTION OF CERTAIN TEXTILE AND APPAREL GOODS.—Section 205(a)(2) of the Dominican Republic–Central America–United States Free Trade Agreement Implementation Act (19 U.S.C. 4034(a)(2)) is amended by inserting after ''with respect to that country'' the following: ''or any other CAFTA–DR country''.

(e) REPORTING REQUIREMENTS ON CERTAIN NEGOTIATIONS AND AMENDMENTS TO DR–CAFTA AGREEMENT.—

(1) IN GENERAL.—Not later than 30 days after the date of the enactment of this Act, and at least quarterly thereafter, the United States Trade Representative shall submit to the appropriate congressional committees a report on the status of negotiations and amendments proposed by the United States, Nicaragua, El Salvador, Honduras, Guatemala, Costa Rica, and the Dominican Republic to the Agreement regarding any change to the rule of origin or alteration of the tariff treatment of socks described in paragraph (2) or any technical correction described in paragraph (3). In addition, the United States Trade Representative shall provide to the appropriate congressional committees copies of any amendments to be proposed by the United States before the amendments are offered and copies of any amendments received by the United States relating to such negotiations.

(2) SOCKS DESCRIBED.—For purposes of paragraph (1), the term ''socks'' means articles classifiable under subheading 6111.20.6050, 6111.30.5050, 6111.90.5050, 6115.91.00, 6115.92.60, 6115.92.90, 6115.93.60, 6115.93.90, 6115.99.14, or 6115.99.18 of the Harmonized Tariff Schedule of the United States.

(3) TECHNICAL CORRECTIONS DESCRIBED.—Technical corrections referred to in paragraph (1) are the following:

(A) Clarification of references to ''elastomeric yarns'' contained in the notes, subheading notes, additional U.S. notes, and statistical notes to chapters 50 to 63 (section XI) of the Harmonized Tariff Schedule of the United States.

(B) Clarification of the ability to apply short supply provisions to sewing thread, narrow elastics, and visible linings.

(C) Treatment of women's and girls' woven sleep bottoms under Annex 4.1 of the Agreement.

(D) Addition of a rule of origin for women's and girls' woven sleep bottoms to reflect the rule of origin provided for in subheading 6207.11.00 of the Harmonized Tariff Schedule of the United States and contained in Annex 4.1 of the Agreement.

(E) Provision of women's and girls sleep bottoms under Annex 4.1–A of the Agreement.

(4) DEFINITION.—In this subsection, the term ''appropriate congressional committees'' means the Committee on Ways and Means of the House of Representatives and the Committee on Finance of the Senate

(5) SUNSET.—The requirements of paragraph (1) expire on the date on which any change is made to the rule of origin pursuant to article 3.25 of the Agreement for any good described in paragraph (2), or December 31, 2007, whichever occurs later.

(f) DEFINITIONS.—In this section:

(1) AGREEMENT.—The term ''Agreement'' has the meaning given the term in section 3(1) of the Dominican Republic–Central America–United States Free Trade Agreement Implementation Act (Public Law 109-53; 19 U.S.C. 4002(1)).

(2) CAFTA–DR COUNTRY.—The term ''CAFTA–DR country'' has the meaning given the term in section 3(2) of the Dominican Republic–Central America–United States Free Trade Agreement Implementation Act (Public Law 109-53; 19 U.S.C. 4002(2)).

SEC. 1635. TECHNICAL AMENDMENTS TO CUSTOMS MODERNIZATION.

(a) ENTRY OF MERCHANDISE.—Section 484(a) of the Tariff Act of 1930 (19 U.S.C. 1484(a)) is amended—

(1) in paragraph (1), by amending subparagraph (A) to read as follows:

''(A) make entry therefor by filing with the Bureau of Customs and Border Protection such documentation or, pursuant to an authorized electronic data interchange system, such information as is necessary to enable

the Bureau of Customs and Border Protection to determine whether the merchandise may be released from custody of the Bureau of Customs and Border Protection;''; and

(2) in paragraph (2)(A), in the second sentence, by inserting after ''covering'' the following: ''merchandise released under a special delivery permit pursuant to section 448(b) and''.

(b) REFUNDS AND ERRORS.—Section 520(a) of the Tariff Act of 1930 (19 U.S.C. 1520(a)) is amended—

(1) in paragraph (1), by striking the semicolon at the end and inserting a period;

(2) in paragraph (2), by striking ''; and'' at the end and inserting a period; and

(3) in paragraph (4)—

(A) by inserting ''an importer of record declares or'' before ''it is ascertained''; and

(B) by striking ''by reason of clerical error''.

(c) ENTRY FROM WAREHOUSE.—Section 557(a) of the Tariff Act of 1930 (19 U.S.C. 1557(a)) is amended—

(1) in paragraph (1)—

(A) in the second sentence, by inserting after ''the date of importation'' the following: '', or such longer period of time as the Bureau of Customs and Border Protection may at its discretion permit upon proper request being filed and good cause shown''; and

(B) in subparagraph (A), by inserting after ''the date of importation'' the following: ''or such longer period of time as the Bureau of Customs and Border Protection may at its discretion permit upon proper request being filed and good cause shown''; and

(2) in paragraph (2), by inserting after ''the date of importation'' the following: '', or such longer period of time as the Bureau of Customs and Border Protection may at its discretion permit upon proper request being filed and good cause shown,''.

(d) ABANDONED GOODS.—Section 559 of the Tariff Act of 1930 (19 U.S.C. 1559) is amended by inserting after ''the date of importation'' each place it appears the following: '', or such longer period of time as the Bureau of Customs and Border Protection may at its discretion permit upon proper request being filed and good cause shown''.

(e) MANIPULATION IN WAREHOUSE.—Section 562 of the Tariff Act of 1930 (19 U.S.C. 1562) is amended—

(1) by amending the first sentence to read as follows: ''Merchandise shall only be withdrawn from a bonded warehouse in such quantity and in such condition as the Secretary of the Treasury shall by regulation prescribe.''; and

(2) in the second sentence, by striking ''All merchandise so withdrawn'' and all that follows through ''except that upon permission therefor'' and inserting ''Upon permission''.

(f) OTHER TECHNICAL AMENDMENTS.—(1) Section 629(e) of the Tariff Act of 1930 (19 U.S.C. 1629(e)) is amended by striking ''insuring'' and inserting ''ensuring''.

(2) Section 135(f)(2)(B) of the Trade Act of 1974, as amended by section 2004(i)(1) of the Miscellaneous Trade and Technical Corrections Act of 2004, is amended by striking ''their establishment'' and insert ''its establishment''.

(3) Section 245(a) of the Trade Act of 1974 (19 U.S.C. 2317(a)) is amended by striking '', other than subchapter D''.

(4) Section 291(2) of the Trade Act of 1974 (19 U.S.C. 2401(2)) is amended—

(A) by striking ''1001(5)'' and inserting ''1001(e)''; and

(B) by striking ''1308(5)'' and inserting ''1308(e)''.

(5) Section 13031(e)(6)(C)(i) of the Consolidated Omnibus Budget Reconciliation Act of 1985 (19 U.S.C. 58c(e)(6)(C)(i)) is amended by striking ''commonly know'' and inserting ''commonly known''.

(6) Section 2107(a)(4) of the Bipartisan Trade Promotion Authority Act of 2002 (19 U.S.C. 3807(a)(4)) is amended—

(A) by striking ''paragraph (2)(A)'' and inserting ''paragraphs (2)(A)''; and

(B) by striking ''paragraph (2)(B)'' and inserting ''paragraphs (2)(B)''.

(7) Section 514(c)(3) of the Tariff Act of 1930 (19 U.S.C. 1514(c)(3)) is amended by moving the last 2 sentences 2 ems to the left as flush left text.

Subtitle C—Effective Date

SEC. 1641. EFFECTIVE DATE.

Except as otherwise provided in this title, the amendments made by this title shall apply with respect to goods entered, or withdrawn from warehouse for consumption, on or after the 15th day after the date of the enactment of this Act.

The SPEAKER pro tempore (Mr. PUTNAM). Pursuant to House Resolution 966, general debate shall not exceed 1 hour, equally divided and controlled by the chairman and ranking minority member of the Committee on Ways and Means and the Committee on Education and the Workforce.

The gentleman from California (Mr. THOMAS), the gentleman from New York (Mr. RANGEL), the gentleman from California (Mr. MCKEON), and the gentleman from California (Mr. GEORGE MILLER) each will control 15 minutes.

□ 2130

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

Mr. Speaker, the title of this bill, as we indicated, is the Pension Protection Act of 2006; but it is much more than that. Within the bill also are tax items, trade items, charitable provisions.

One of the reasons I am pleased to bring this to the floor is that it is in essence the combination of more than 5 months of working on a very important area of public law that affects tens of millions of Americans. It is about the agreement workers have with their employers as to what they are going to be able to earn, not for the time they are working but for the time they are retired.

Our current pension system is, frankly, broken. It moved rapidly into a known broken situation, and we have responded, not as quickly as perhaps we would have liked, but I think we have responded in a way that, as we discussed, this bill I think you will find there is, at least there was on the conference committee and there should be in this House, broad bipartisan support.

For example, on this side of the aisle, I could say I hold a letter from the General Motors Corporation endorsing the changes we are making in pension law. And someone would say, aha. But then I would pick up a letter and say, I hold a letter from the United Auto Workers who are supportive of this pension change. And I could do that for industry after industry showing that you not only have the corporate structure in support but you have the workers in support.

This is a bill that makes fundamental changes in transparency, in payment arrangements, which means the promise made from employers to employees and employees to employers has a greater chance than a long, long time of being honored. It is important legislation. The Ways and Means Committee will spend some time on the text, trade, and charitable provisions, but I want to say that I am very proud of the product that has been produced. It will move off this floor, it will move through the Senate, and it will be signed by the President. And the time line in doing that will save many employees from what would have been a certain failure to have pensions if we did not act before we adjourned for our summer district work period.

Mr. Speaker, I reserve the balance of my time.

Mr. RANGEL. Mr. Speaker, I ask unanimous consent to yield my time to be controlled by the gentleman from California (Mr. GEORGE MILLER).

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

There was no objection.

Mr. GEORGE MILLER of California. I yield 2 minutes to the gentleman from Washington (Mr. MCDERMOTT).

(Mr. MCDERMOTT of Washington asked and was given permission to revise and extend his remarks.)

Mr. MCDERMOTT. Mr. Speaker, this is one of those bills in the middle of the night; this is a 21-page summary. There isn't anybody here, perhaps four or five conference members may know what is in it. None of us have seen the bill, so you have got to trust the leadership.

Now, this bill imposes new red tape and fees on employers that wish to provide their employees with defined benefit pensions. It makes it harder to give a defined benefit.

Those opposing this measure of course will say they believe that the bill's new requirements will impose requirements to discourage employers from offering a traditional pension plan. Supporters are saying this bill will strengthen everything. But if the aim of this bill is to strengthen pensions, why does it exempt Halliburton from the bill's requirements?

No one could possibly have read the text of this bill. But we do have this 21-page summary, I say, which says that the proposal delays the effective action on funding and benefit limitation rules for defense contractors. Those who are ripping us off in Iraq by the billions are not being brought under this bill. This provision was not in the House nor was it in the Senate version of the bill.

If the funding and limitation rules are so good for everyone, which is what the majority contends, why aren't they good enough for Halliburton? Of course, I know Halliburton is a friend of the Vice President. Perhaps we need CSI to come in here to uncover how this bill got put together, but we know enough to oppose the bill. This proposal continues to promote the philosophy of conservatives, which is that people are better off alone. You are on

your own, folks. We are going to give you a 401(k), and good luck, no defined benefits anymore. This is to end pensions as we have known them.

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

It is times like these that you have to resist the temptation of saying, okay, let's just go home and not pass this bill. But the gentleman from Washington, from Seattle, perhaps wouldn't be able to get back if he were flying Northwest Airlines, and so the fervor of his speech not to act would in fact have to bump into reality sooner than I think he might like.

Mr. Speaker, I would like to yield the remainder of the time to be controlled by the gentleman of Michigan, a fellow conferee on the pension conference (Mr. CAMP).

Mr. CAMP of Michigan. Mr. Speaker, I yield myself such time as I may consume.

Mr. Speaker, I rise in strong support of the Pension Protection Act. By approving this bill, the House of Representatives is taking an important step towards safeguarding employee pensions and reforming the current system to ensure all American workers receive their full promised retirement benefits. This bill is a significant improvement over current law.

The bill before us today shores up the single defined benefit system so that companies cannot escape their obligations. Instead of allowing firms to routinely underfund their plans, H.R. 4 requires employers to fund 100 percent of their liabilities. The bill also requires employers to make up contributions faster than the 30 years under current law.

More importantly, the Pension Protection Act lives up to its name by not allowing companies to make promises to their workers they cannot hope to fulfill. If pension plans are critically underfunded, executives will no longer be able to commit new pension benefits to workers under the false premise that they have the money to make good on those faulty assurances.

In Michigan, the auto industry is critical to our State's economy. I want to thank Chairman THOMAS and Mr. Leader BOEHNER for their leadership, ensuring Michigan's manufacturers continue to operate robust pension plans. I am particularly pleased H.R. 4 has the support of United Auto Makers and the United Automobile Workers. I worked hard to ensure the auto sector and its workers are not subject to unfair, unrealistic rules that would unnecessarily penalize this critical sector of the American economy.

H.R. 4 also provides relief to the struggling airline industry. The Pension Protection Act is a huge victory to the pilots, flight attendants, baggage handlers, and other employees in the airline industry that have worked hard for their pensions and expect them to be there upon retirement. This bill allows airline companies that have frozen their plans and taken that responsible step more time to make good on their commitments and preserve their workers' benefits.

Absent legislation, some airlines would be forced to terminate their pension plans. If this were to happen, the PBGC would incur billions of additional pension liability, and employees would receive a fraction of their promised benefits. The Pension Protection Act prevents this and enables airlines to fully meet the obligations to their workers. I urge all of my colleagues to pass this important bill for America's workers.

Mr. Speaker, I reserve the balance of my time.

Mr. GEORGE MILLER of California. Mr. Speaker, I yield 3 minutes to the gentleman from New Jersey (Mr. ANDREWS).

(Mr. ANDREWS asked and was given permission to revise and extend his remarks.)

Mr. ANDREWS. Mr. Speaker, this bill offers much to recommend in improving pension law. In particular, I applaud the inclusion of relief for multi-employer plans and the clearing up of some of the contradictions and ambiguities around hybrid defined benefit plans. But I must rise in opposition to this bill for two reasons.

The first is that the bill makes a mistake that the majority said from the very outset it did not want to make, which was to favor one industry over another in affording relief for single-employer plans. Not only does this bill afford more protection for some industries over others, but within an industry, within the airline industry, it exhibits I believe unwise favoritism for some airlines over others. The majority started this process by saying it did not want to choose winners and losers among industries. What in fact I believe it has done is to choose winners and losers within an industry, which I think is unwise and a bad precedent to set.

Secondly, I must rise in opposition to this bill because of its procedural irregularity. There is a conference which was seated several months ago that is dealing with these issues. What is before us tonight is a brand-new bill, not a conference report. This does not recognize months of negotiation between the two Houses and between the two parties. It is a brand-new bill that starts without anyone I think truly vetting or understanding.

And I must say that my Democratic colleagues who are conferees on this bill, Mr. MILLER, Mr. RANGEL, Mr. PAYNE, among the three of them they have 90 years of experience in this House, and they were afforded no opportunity to attend a meeting of the conference, to ask a question at the conference, to express their views at the conference. This is not disrespect to them; it is disrespect to their constituents and to the millions of people whose views are represented by Mr. MILLER and Mr. RANGEL and Mr. PAYNE and others.

This is an awfully important area of legislation. To rush head on with a bill that no one has read, ignoring a conference that has never met, that ignores 90 years of experience from Members on this side I think is a mistake. So despite the good that I know is in this bill, I would urge a ''no'' vote.

Mr. CAMP of Michigan. Mr. Speaker, I yield 2¼ minutes to the gentlewoman from Connecticut, a distinguished member of the Ways and Means Committee (Mrs. JOHNSON).

(Mrs. JOHNSON of Connecticut asked and was given permission to revise and extend her remarks.)

Mrs. JOHNSON of Connecticut. Mr. Speaker, I rise in strong support of this Pension Protection Act of 2006. Not only does it ensure that employers and unions will fund their plans, but it enables individuals to make a much greater effort toward providing for their retirement security as well.

Nothing is more important to Americans than the gut-wrenching issue of being secure in their old age. It is important to seniors, it is important to their families, it is important to young people to know that they can plan for the future. And it is a pity that only 50 percent of America's workers participate in pension plans. This bill makes a simple change that will result in 85 to 90 percent of working Americans who work for companies with pension plans participating in those plans, as opposed to 50 percent. That is big. That is important. It is a simple mechanism, but it will help many, many more young people get into those pension plans, take advantage of employer contributions, and prepare for their retirement.

It also does something else we don't know much about, we don't pay attention to it, we don't think about it: it makes permanent the saver's credit. If you don't make much money, putting money aside for retirement is really hard. We have a little plan by which the government gives you a dollar for every dollar you save for low- and middle-income earners. This makes that permanent, and that will enable us to grow that program appropriately. It also indexes it to inflation so those people can never be robbed of the power of this help in saving for their retirement.

□ 2145

This is not a perfect bill, but it does some really important things for working people and it helps us think ahead. We have a lot of people with 401(k) plans, and at 65, they are blowing them. One of the things this bill does is to encourage new products to plan for our future by changing the tax treatment of 401(k) money invested in an annuity that can provide a paycheck for life or cover long-term care if needed.

We need to be thinking anew about all the challenges of retirement, not just the income challenge.

Mr. GEORGE MILLER of California. Mr. Speaker, I yield 2 minutes to the

gentleman from Maryland (Mr. CARDIN).

Mr. CARDIN. Mr. Speaker, I thank my friend for yielding me this time.

Mr. Speaker, I am really conflicted on this bill because there are good provisions in it. The provisions which I had the opportunity to work with our former colleague, Mr. Portman, provisions that would make permanent the changes in the tax law in 2001, makes it easier for people to save for their retirement, employers to provide pension plans; provisions for automatic enrollment so that employees have a better chance of having a retirement savings. The permanency and indexing of the saver's credit, I think, is a very important provision. The split tax refund, I can go on and on and on.

But I must tell you, I was listening to Mr. ANDREWS and I think that he raises a very valid point on the process. You have to, at times, understand that process is important so we do the right thing here.

I heard reference to approving a conference report, but this is not a conference report. We have a letter from the Senate Members of the conference report urging the House Members of the conference committee to join them in a product that is different than what we have before us today.

There are concerns in this legislation that I do not know if they have been addressed, including the airline industry, including the way we treat employers who have well-funded plans today as to whether they will continue those plans.

So, Mr. Speaker, this bill is coming up with no notice, no opportunity for us to review it, and without an opportunity for our conferees to present their report.

So I do not know what to tell the Members to do here. I doubt if we will have time to review all the provisions that are in this bill. I doubt whether we will know exactly what is involved, and we do not have the comfort of knowing that it is the product of a conference committee. It is a new bill that is before us.

So I just urge my colleagues to be very careful in consideration of this legislation. It is very important legislation. It does some very good things, but I am concerned there may be some unintended consequences.

Mr. CAMP of Michigan. Mr. Speaker, I yield 2¼ minutes to the gentleman from Arizona (Mr. HAYWORTH), a distinguished member of the Ways and Means Committee.

(Mr. HAYWORTH asked and was given permission to revise and extend his remarks.)

Mr. HAYWORTH. Mr. Speaker, I thank my colleague from Michigan for his hard work as part of the conference, and I rise in strong support of the Pension Protection Act.

I listened with great interest to the criticisms offered from the other side of the aisle, especially my friends from New Jersey and California, and indeed, it is somewhat reminiscent of the initial evaluation by a Hollywood agent of a young actor. The shorthand note was, ''can't sing, can't act, dances a little.'' And of course, it turned out to be the great Fred Astaire.

Now, with all due respect to Mr. Astaire and his song and dance, the song and dance offered by the other side, the criticisms, when you take a look, focus on process, not policy. Indeed, my friends from New Jersey and Maryland readily concede that there are many desirable policies in this bill, reforming the outdated single employer defined benefit pension plans.

We heard the chairman of the committee say not only was there a letter from General Motors but also from the United Auto Workers, and yet we hear the process is somehow terribly flawed and that even within the airline industries some airlines are treated differently. Mr. Speaker, the different airlines are reacting differently to the concerns they face. It is not some sort of vast conspiracy with malice aforethought to pick winners and losers. It comes from different responses from the businesses involved.

No, a clear level look at what we are doing says that this is, in fact, precisely the bill at this time.

As to the process, we heard mention made of the other body. We are mindful that there are those who aspire to become part of the other body, but Mr. Speaker, without impugning any action, although I know we have changed the rules, the fact is a lot of folks basically want to blow up this agreement.

We need this bill. It is a good bill. Vote for it.

Mr. GEORGE MILLER of California. Mr. Speaker, I yield 3 minutes to the gentlewoman from California (Ms. WOOLSEY).

Ms. WOOLSEY. Mr. Speaker, if this bill is so great, why are executives not being treated the same way as the rank-and-file workers? It is hard to believe that in the face of all of the corporate scandals that we have been experiencing over the last few years, that this legislation still allows for executives to receive a golden parachute. Unbelievably, executives who have run their companies into the ground can continue to receive large lump sum payments from their underfunded pension plans at the same time that the rank-and-file employees' benefits have been frozen.

You heard me right. If a company's plan is underfunded by 80 percent, rank-and-file workers cannot receive new benefits or lump sum payments. Meanwhile, the restrictions for executives do not start until the plan is underfunded by 60 percent. That difference adds up to billions and billions of dollars.

Whatever happened to the captain going down with the ship? The way this bill reads the only boat the Republican majority is familiar with is the *Titanic*, because they are giving lifeboats to the first class passengers only.

Mr. Speaker, we live in a country that values equality. Why oh why in the world would we allow this pension bill to pass the House treating executive pension benefits differently from their workers? What happened to what is good for the goose is good for the gander? If workers' pensions are underfunded, then so are executives. It is time to end the golden parachute or, as the gander goes, the golden egg.

I urge my colleagues, vote against this conference report and support workers benefits.

Mr. CAMP of Michigan. Mr. Speaker, I yield 2 minutes to the gentlewoman from Pennsylvania (Ms. HART), a distinguished member of the Ways and Means Committee.

Ms. HART. Mr. Speaker, I thank the gentleman for yielding, and I especially thank the chairman for answering the call of families across the Nation to make 529 qualified tuition programs permanent.

What are those plans? For those of you who do not know, the 529 section allows for tax-free college savings. This is something that has encouraged so many families to save for college. The figures in assets in 529 plans have grown from $13 billion in 2001 to more than $65 billion today. This has provided for so many families to save for education, and it is more important than ever because we know workers with the least education have generally experienced the slowest wage growth over the past three decades. Making this plan permanent allows families to plan for the future and make sure that they will get that education.

Also, the pension changes are so very important. In the communities that I represent, we experienced terrible, really unfairness, on pension plans when US Airways filed for bankruptcy and turned their pension plans over to the PBGC, and unfortunately, their executives took a golden parachute.

The gentlewoman who just spoke before me was wrong in her statement that those executives continue to do this. The plans must be funded before these executives could have a special set-aside pension plan for themselves. We ended that practice of unfairness of these large company executives stealing the money away while their rank-and-file workers lose.

The bill encourages greater transparency for the employees to know the health of their pension plan. These are such important changes that anyone who does not support it is not supporting the retirement security for the people in their district. It is so important that people know the status of their finances as they work through their working life so they have expectation of their pension, they have expectation of how much income they will receive, and this bill will help them get there.

Mr. Speaker, I encourage my colleagues to support this.

Mr. GEORGE MILLER of California. Mr. Speaker, I yield myself 30 seconds just to correct the record.

The legislation does not require the funding of these plans. Executives can continue to get benefits out of these plans if they are only 60 percent funded. The gentlewoman from California was correct. Workers can only get benefits if they are 80 percent funded.

So the executives can continue to draw down the assets of the corporations, but the employees cannot.

Mr. Speaker, I yield 2 minutes to the gentleman from Massachusetts (Mr. NEAL), a member of the Ways and Means Committee.

(Mr. NEAL of Massachusetts asked and was given permission to revise and extend his remarks.)

Mr. NEAL of Massachusetts. Mr. Speaker, I thank the gentleman.

When you hear this argument and this debate, remember, a year ago, these are the people that were going to abandon the Social Security system. These are the people that were going to throw the Social Security system overboard.

I heard the gentleman from Arizona say, well, there is good things in the legislation and there is bad things in the legislation. Does anybody remember the S&L issue around here or did we have amnesia? There were good things about deregulating the S&Ls, and it cost the American taxpayer $500 billion, but a decade later.

The Wall Street Journal published a poll yesterday. I hear my Republican friends talking about how great everything is. How good everything is on Wall Street.

The American people are asked, in what direction is the country headed, right or wrong? And by almost two-thirds they say the wrong direction. They are paying $3.15 a gallon for gasoline, their health care plan is being taken away, and their retirement plan is being compromised, if not jeopardized. 401(k) plans are replacing the defined benefit that we had all come to know.

That is where the anxiety is coming from. That is why the American people think the country's headed in the wrong direction.

You are about to hasten the demise of the defined benefit plan by embracing this legislation tonight, and I want to say something as well to those who are witnessing the debate.

It has not been vetted through the committee system. It has not been presented back and forth between two parties. It is being put up on a Friday night, once again because they think you are not watching. That is the way the Ways and Means Committee has operated during the last few years. That is the way legislation's brought to the floor, no opportunity for the minority to ever be heard. We simply put it in front of this body, late at night so people cannot witness it, and then we move on from there. Whether it is good or bad, we will not have our fingerprints on it.

Mr. CAMP of Michigan. Mr. Speaker, what is the time remaining?

The SPEAKER pro tempore. The gentleman from Michigan (Mr. CAMP) has 2¾ minutes remaining, and the gentleman from California (Mr. GEORGE MILLER) has 18½ minutes remaining.

Mr. CAMP of Michigan. Mr. Speaker, I reserve the balance of my time.

Mr. GEORGE MILLER of California. Mr. Speaker, I yield 15 seconds to the gentleman from North Carolina (Mr. ETHERIDGE).

Mr. ETHERIDGE. Mr. Speaker, I thank the gentleman for yielding.

I served in business for 19 years and have been in public life a long time. I have signed a lot of contracts, but never in my life have I signed a contract that I have not read. We are asking the Members of this body to sign a contract with the American people that we have not read.

Mr. GEORGE MILLER of California. Mr. Speaker, I yield 2 minutes to the gentleman from New York (Mr. OWENS).

(Mr. OWENS asked and was given permission to revise and extend his remarks.)

Mr. OWENS. Mr. Speaker, we have not an accidental shipwreck here. We have a deliberate shipwreck being set up.

I am not the oldest person in this body tonight, but I have been here a long time and seen the great swindle of the savings and loans collapse. This is a swindle that will be even bigger.

We have the full faith and credit somewhere behind the pension guaranty fund. It is not there, we are going to put it behind there, and it is the American taxpayers who are going to pay when this whole pension system collapses.

I do not know what grand formula is in motion here and who the genius is, but the looting of America is going along very well, and this is one more step in that direction.

It is going to be a huge, like an economic asteroid collapsing on the economy when this pension benefit guaranty fund collapses as the savings and loans did.

□ 2200

We can't even get a figure as to how many billions of dollars were lost in the savings and loans. If you go looking for it, it is nebulous. But at least $1 trillion of taxpayer money has gone down the drain, and is still going, partially because it was funded with 30-year bonds.

I watched while it unfolded. And the savings and loans criminals, really, were not punished. It was a great example of how you could steal millions and get away with it. Silverado Bank comes to mind, because we had relatives of the administration involved in that one, and on and on it goes, with Members of Congress on the boards, and all kinds of things that happened, and they got away with it.

Now we have corporate America having mismanaged these pensions all this time, having looted them in many different ways. Enron certainly shows us how they can do that in quite a clear fashion. But there are many other different ways that the people in control have looted the pension funds, destroying them, and they are going to ask the American people to bail them out. That is what is most devastating about tonight.

Mr. CAMP of Michigan. Mr. Speaker, I yield 1½ minutes to the distinguished gentleman from the Ways and Means Committee, the gentleman from Wisconsin (Mr. RYAN).

(Mr. RYAN of Wisconsin asked and was given permission to revise and extend his remarks.)

Mr. RYAN of Wisconsin. Mr. Speaker, I am sitting here listening to this debate and I am wondering, what bill are they talking about? Are they talking about the bill that 70 Democrats voted for earlier in the year that got 294 votes? Are they talking about the bill that is endorsed by the United Auto Workers, by the building trades? Are they talking about the bill that was negotiated between Democrats and Republicans, between the House and the other body? Because that is the bill we are talking about right here. This bill was written with the input from labor, with the input from management, with the input from employees and employers.

What is wrong? What needs to be fixed? Well, you know what needs to be fixed? If an employer promises their employee they are going to fund their pension, by golly, that is exactly what they should do. That is what this bill does. It makes sure they do in fact fund that pension 100 percent.

If an employer wants to prefund their employees' pension, wants to do good by helping them ahead of time, we want to change the rules so they can do that. And you know what, if an employer wants to exploit loopholes and rip off their employees, shortchange their pension, as the current law allows employers to do, we have got to stop them from doing that. And that is what this bill does.

That is why this bill is supported by unions, by management, by Republicans, by Democrats, by the House and the other body. This is a bill that is a good bill that has been negotiated for a year, and I urge its passage.

Mr. GEORGE MILLER of California. Mr. Speaker, I yield 4 minutes to the gentleman from North Dakota (Mr. POMEROY).

Mr. POMEROY. I am pleased to follow the preceding speaker, who like me is on the Ways and Means Committee. He knows darn well the Ways and Means Committee had nothing to do with this bill. This bill has been marked up in a nontransparent conference committee, and then last night, on the eve of the vote, the Republicans walked and didn't vote. It is utter nonsense the gamesmanship that has been played.

But there have been deals cut. A lot of deals have been cut. So some unions

cut their deal and they are for it; some companies are for it; some industries are for it. And I don't have any problem with any of them. What I have a problem with, with this bill, is the great majority of plans, covering 20 million workers in the workforce today, with pension protection, pensions that they are counting on to pay that monthly payment in old age.

We have seen this argument before. Remember last year, when the President wanted to privatize Social Security? Suddenly, we heard about how Social Security was on the rocks; we had to end Social Security as we knew it to save it. We had to privatize it to protect it. This is the same thing that is going on now. They are saying pensions are on the rocks. We have to pass this bill to save pensions.

Baloney. Don't believe a word of it. Jane Bryant Quinn, noted commentator on financial matters, writes in a recent column about the recovering health of pension funding. ''Plans are coming back to sounder footing, thanks to rising interest rates, massive corporate catch-up contributions to their plans, limitations on benefits and the recovery in the markets.''

And in addition to that, my colleagues, we passed a big premium increase in that budget and so more money is coming in yet. But none of that is mentioned. And so there is a lot of confusion on the floor.

Does this bill toughen that funding requirement or not? It is the wrong question, my colleagues, and I used to be a solvency regulator as a former insurance commissioner. The right question here is: Will this bill continue pensions or will this bill make their freezing and termination more likely? And on that, consider the words of David Wyss, chief economist for Standard & Poor's. ''The more that is required of plans, the sooner they will go extinct.'' Private pensions are going the way of the Dodo.

Because, you see, when you make funding too onerous or too unpredictable, you force the executives to cancel or terminate or freeze the plan. And that is exactly what is at foot. So the enemies of pensions can stand on the floor and say they are protecting workers by increasing funding, but they know all along they are going to cause the freezing of plans.

We have a trend here that is very worrisome, because my friends, this is the mounting number of frozen pension plans. And I am telling you, if we pass this bill, this number is going to skyrocket. Indeed, one trade group with expertise in this area predicts 60 percent of the plans might freeze if the bill is passed.

Let me tell you what happens when a plan freezes. It means that you no longer get to count future years' earnings in your retirement benefit. So baby boomers in the workforce today, following this debate, you are going to get killed under this bill. You are not going to get final rate of pay as considering your pension benefit. Instead, you are going to get a reduced pension than you ever counted on, and they are going to swap you for a 401(k).

Is that a fair trade? Well, Jane Bryant Quinn's column says that workers in this situation may take an annual company contribution in their 401(k) of 15 percent to be equal. Now, how many of you know of 401(k)'s where they put in 15 percent?

So what we are seeing here, directed right at the baby boom workers, is a bill that will cause the freezing of their pension, the reduction of their benefit, and yet the majority, in their hypocrisy, has the nerve to suggest they are doing it to protect workers. Kill this bill. Protect worker pensions.

Mr. CAMP of Michigan. Mr. Speaker, I yield myself the balance of my time.

I urge Members to vote for this Pension Protection Act because this bill reforms the current system. What we have seen through the years in the steel industry and some of the airline industry, and the auto industry is on the brink, we have seen plans terminated and put over on the PBGC. Everybody loses there, certainly potentially the American taxpayer, but more importantly, the workers in those companies end up not receiving the benefits they remember promised.

This legislation requires plans to be fully funded. That is an important step forward. It also ensures that the plans have a realistic reflection of the value of their plan so that we don't have some rule that doesn't make any sense that values a plan at an unrealistic amount. The plans are fully funded at a mark-to-market amount that actually reflects the value of the market.

This bill represents a compromise between the House and Senate on multiemployer provisions, which strengthens the multiemployer plans as well as the defined benefit plans. This legislation also would allow shutdown benefits if plans are funded above a certain level, which are so important as we have this changing dynamic in our economy that will continue to protect our workers.

This legislation is better than current law, reforms current law, strengthens our plans, and will ensure that plans are not terminated and put on the PBGC.

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

Mr. GEORGE MILLER of California. Mr. Speaker, I reserve the balance of my time.

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

Mr. Speaker, I rise in support of H.R. 4, the Pension Protection Act, and I ask my colleagues to join me in doing the same. We followed a long road to get to this point, and there have been many bumps along the way. But when you are considering such substantial legislation, such fundamental reforms, especially in a bill where we haven't had reforms like this for over 20 years, that is to be expected.

At the end of the day, however, what we have brought to the floor tonight represents the reform package agreed upon by House and Senate pension conference principals after many, many meetings. After a long and sometimes difficult process, this bill provides us just what we were looking for at the outset: Reforms that significantly strengthen outdated worker pension laws for workers, retirees, and taxpayers. And that is a major and a long, overdue victory.

In the fall of 2004, nearly 2 years ago, the House Education Workforce Committee, led by then-Chairman BOEHNER, unveiled six principles to fix our Nation's outdated pension laws. These pillars represented the foundation for the defined benefit pension overhaul Congress was about to embark upon, and our committee pledged to incorporate them into the final legislative product we would send to President Bush. Mr. Speaker, the Pension Protection Act meets that pledge.

We pledged to craft a bill that provides certainty by establishing a permanent interest rate to more accurately calculate employers' pension liabilities so they fund their pension promises. We have done just that.

We pledged to craft a bill that relies on common sense by enabling employers to build a cushion in their pension plans during good economic times. And we have done just that.

We pledged to craft a bill that establishes stability by enclosing funding loopholes and ensuring employers make adequate and consistent cash payments to their plans. And we have done just that.

We pledged to craft a bill that promises greater transparency by giving employees timely and straightforward information about the health of their plans. And we have done just that.

We pledged to craft a bill that values honesty by ending the practice of allowing employers and union leaders, when faced with a severely underfunded pension plan, to dig their hole even deeper by promising extra benefits to employees and retirees. And we have done just that.

And, finally, we pledged to craft a bill that enhances retirement security portability by ensuring that hybrid plans, such as cash balance pensions, which offer portable, more generous worker benefits, remain a viable part of the defined benefits system. And we have done just that.

In short, this bill will reform broken pension rules that no longer serve the interests of workers who count on their retirement savings being there for them when they need it. I am proud to have played a role in crafting it, and I thank Chairman THOMAS, my neighbor from California, chairman of the Ways and Means Committee, and, in particular, my former chairman, Leader BOEHNER, for leading the charge on this important issue. Going all the way back to his days as Employer-Employee Relations Subcommittee Chair,

our majority leader has been a tireless advocate for the reforms we are considering tonight, and I thank him for his commitment.

I also want to thank my committee staff for their work on this legislation. Ed Gilroy, Jim Paretti, Steve Perrotta, and Mr. BOEHNER's pension policy adviser, Stacey Dion. They have been truly remarkable throughout this process, putting in innumerable hours, and we literally would not be here tonight without them.

Mr. Speaker, I urge swift passage of H.R. 4, both here in the House this evening and in the Senate next week.

Mr. Speaker, I reserve the balance of my time.

Mr. GEORGE MILLER of California. Mr. Speaker, I continue to reserve the balance of my time.

Mr. MCKEON. Mr. Speaker, I am happy to yield 3 minutes to a member of the committee, a member of the conference committee, and thank him for his work on this bill, the gentleman from Minnesota (Mr. KLINE).

Mr. KLINE. Mr. Speaker, I thank the gentleman, my chairman, for yielding.

Mr. Speaker, I rise today in very strong support of H.R. 4, the Pension Protection Act of 2006. This legislation provides security and peace of mind for working families across our Nation. Many Americans have worked their entire lives for their pensions, and nothing is more important to them than making sure these obligations are met. This legislation protects the interest of workers, retirees, and taxpayers, and it helps employers continue to offer these benefits.

As vice chairman of the Employer-Employee Relations Subcommittee, I have worked over the last few years with my colleagues to reform these antiquated pension laws. This legislation reflects our negotiations with House and Senate leaders concluded in recent days. I am proud to have championed the inclusion of airline relief in this final package.

□ 2215

The Pension Protection Act strikes the necessary balance between the many diverse groups with an interest in a healthy pension system. The passage of this bill protects the pensions of more than 9,000 Northwest Airline pension plan participants who live in my district alone. I am honored to represent these individuals here in Congress and to support this much needed legislation on their behalf and on behalf of all my constituents.

Without this legislation, Mr. Speaker, it is not a matter of if the airline terminates its plans; it is a matter of when. This bill will allow Northwest Airlines to emerge from bankruptcy with its pension plans intact.

Curtis Shoemake, a 30-year Northwest Airline pilot from Minnesota, summed up the situation when he remarked, ''It's a win-win for everybody. It's a win because it protects our pensions. It's a win because the PBGC is not burdened with the termination of our pension. I'm hopeful that Congress will step up to the plate and do the right thing.''

Tonight, Mr. Speaker, I am asking my colleagues to join me in doing the right thing. Let's take the next step toward solving our Nation's pension crisis. Vote for this legislation and strengthen America's pension system for the workers of today and of tomorrow.

Mr. GEORGE MILLER of California. Mr. Speaker, I continue to reserve the balance of my time.

Mr. MCKEON. Mr. Speaker, I yield 1 minute to the chairman of the Ways and Means Committee, Mr. THOMAS.

Mr. THOMAS. I thank the gentleman very much.

Mr. Speaker, of necessity, this bill, H.R. 4, governing pension rules is very complex. A detailed, plain-English explanation is available from the Joint Committee on Taxation and will be a key resource in understanding the intent underlying the bill's provisions and, therefore, obviously of the legislative intent behind the bill.

Mr. MCKEON. I am happy to yield 3 minutes to a subcommittee chairman of the Education Committee, a member of the conference committee, a good friend of mine from Texas, a hero of this country, Mr. SAM JOHNSON.

Mr. SAM JOHNSON of Texas. Thank you, Mr. Chairman, for that time.

I normally don't do this, but I rise in opposition to this pension bill on which I am a conferee. The original House pension bill had no specific industry relief. In the House bill we did not pick winners and losers.

However, the Senate bill did contain specific airline industry relief. The four legacy carriers that maintain pension plans were all treated the same. Within that industry, there was no picking winners and losers. Yet this bill that we are debating chooses to favor two bankrupt airlines, Delta and Northwest. I appreciate the comments previous on Northwest. I think they need the help. It gives them extra relief for having run their pension plans even into the ground.

The two airlines that are not threatening the retirement security of their employees, American and Continental, are being punished for having gotten wage and benefit concessions from their employees during very hard-fought, but successful, negotiations. American Airlines has been working closely with their pilots, flight attendants, and ground crews to be sure that this is an airline that keeps flying and keeps its promises to its employees.

Yet the bill debated here tonight will give Delta and Northwest a huge competitive advantage. I will vote against this bill because all four legacy carriers should get the same interest rate, I believe, for unfunded promises.

The Senate bill and the draft conference report that has been circulated by the Senate would provide for parity for all four airlines on the interest rate. Those who support this deal say American and Continental are being greedy. I say American and Continental need the same interest rate as the other two or they are going to be hundreds of millions of dollars at a disadvantage against their direct competitors. As a matter of fact, American just reported, I think, somewhere around $300 million profit in this year, and $600 million is what they would be cost by this bill each year.

I am standing with the Texas delegation and airlines that keep their word. Our Texas airlines have worked hard to keep their word with their employees. This Congress must give equal treatment for our major airlines.

I urge a ''no'' vote.

Mr. GEORGE MILLER of California. Mr. Speaker, I yield 2 minutes to the gentleman from Massachusetts (Mr. TIERNEY).

Mr. TIERNEY. I thank the gentleman for yielding.

Mr. Speaker, I think that there are some provisions in this bill that merit our hesitation before we proceed forward on it here tonight. This will be the second bill that we have passed in this House on the same subject, and both of them have missed opportunities.

This bill misses an opportunity to encourage companies to keep offering traditional pensions to their employees. As my colleague Mr. NEAL from Massachusetts said earlier, it could be the demise of the defined contribution plan, defined benefit plan for employees, a plan that many, many people rely on and the best type of pension/retirement plan that people could have. This in the face of a majority of this body and a White House that are already intent on attacking and privatizing Social Security.

This bill misses an opportunity to protect taxpayers from footing the bill for the bailout of the Pension Benefit Guaranty Corporation. The PBGC estimates that this bill will increase its deficit by $2 billion over the next 10 years.

This bill misses an opportunity to prevent companies from using bankruptcy to dump workers' pension plans, and we have seen that happen too often in a number of instances very recently. We had every opportunity to put provisions in this bill that would force companies to try alternative means and other financing and ways to stop from having to dump their plan into bankruptcy and therefore hurt their retirees. We fail to do it in this bill.

The bill misses an opportunity to save pension benefits for older workers by allowing conversion to cash balance plans without protecting those that are 45 years or older, and estimates are that they stand to lose up to half of the accumulated value in their pension plans.

And the bill misses an opportunity to stop companies from awarding lavish retirement compensation packages to executives at the same time they cut

workers' benefits. The fact of the matter is that the executives that are responsible for driving these plans into the ground ought to have their fate and their retirement hooked onto the fate of their employees so that they will make sure that these plans succeed every possible time.

And the bill misses an opportunity to protect workers' pension assets. The investment advice exemptions in the bill don't adequately protect against conflicted investment advice.

Mr. Speaker, they miss opportunity after opportunity. We can do better. Let it go back to conference, let's correct it, and let's come out with a good pension plan to protect America's workers.

Mr. MCKEON. I yield to the gentleman from Georgia, a member of the committee, for purposes of a unanimous consent request.

(Mr. PRICE of Georgia asked and was given permission to revise and extend his remarks.)

Mr. PRICE of Georgia. Mr. Speaker, I want to commend the leader and the chairman for their hard work on this. I rise in support of H.R. 4.

Mr. MCKEON. At this time I would like to yield to my good friend from across the aisle, the ranking member of the Transportation Committee, Mr. OBERSTAR, for 2 minutes.

Mr. OBERSTAR. I thank the gentleman for yielding.

As the chairman of the Ways and Means committee said earlier, he did say that the pension system is broken. I wouldn't say it is quite broken, but it does have some cracks. We forget that when ERISA was enacted in 1973, it was hailed in particular in my district by my predecessor for whom I was administrative assistant as the great salvation for iron ore mines that were about to go into bankruptcy and for workers whose pension plans would have been lost without PBGC set up under ERISA.

We find now that there are some oversights that should have been plugged over the years and failings that should have been corrected. But they weren't done. And now we are at a situation where there is an opportunity to make an adjustment and that is in the airline sector.

If the steel industry had been as responsible as I submit Northwest Airlines has been and Delta in working with their employees to protect the pensions, freeze the pensions, require the company to pay in over a period of time, we wouldn't have billions of dollars in unfunded liabilities for the steel industry in the PBGC, and we would have more steel industry still operating and more workers getting their fair pensions.

Now, the plan that Northwest has set before its workers was negotiated with the pilots, the flight attendants and the machinists, and they said, We'll freeze the plan, but we'll continue to pay into it so that you get the full amount you're entitled to and then we'll substitute a defined contribution plan.

Now, two other carriers, American and Continental, say that is unfair to them. But what is unfair to them would be if we do nothing tonight, defeat this bill, and then Northwest simply turns over in the month of August their pension plan to the PBGC and thousands of employees from both Northwest and Delta are out of luck, they lose huge amounts of money over the balance of their retirement years, and then American and Continental have a real disparity in competition because those companies don't have that burden of liability to pay.

So pass this bill and give those carriers an opportunity to do the right thing.

Mr. MCKEON. May I inquire how much time remains.

The SPEAKER pro tempore. The gentleman from California (Mr. MCKEON) has 3½ minutes remaining. The gentleman from California (Mr. GEORGE MILLER) has 10¼ minutes remaining.

Mr. MCKEON. Mr. Speaker, I am happy to yield at this time 2½ minutes to a member of the committee, Mr. EHLERS from Michigan.

Mr. EHLERS. This is a very complex issue, and we have worked on this bill for a considerable amount of time in the Committee on Education and the Workforce, of which I am a member.

I am puzzled, because there is a little confusion on the floor tonight about the airlines issue, and I hope I can help to clarify that. The impression that has been given, and I have heard it in other discussions and not just in this debate, that there is one plan here for Northwest and Delta and a different plan here for Continental and American Airlines. That is simply not true.

There are two plans, but it does not specify which airlines. Any of the airlines can pick one of the two plans. It is an open choice. One plan is for an airline which chooses to freeze their pensions. In that case, they will pay what they owe to the PBGC at a certain rate of interest over a certain period of time. In the other plan, airlines do not have to freeze their pensions and they pay their obligation to the PBGC at a certain rate over a certain amount of time.

Now, those rates and times are different because the two plans are different. The liabilities of the airlines are different. But Continental or American Airlines can choose to use the frozen plan with no problem whatsoever. If they think Northwest and Delta are getting a better deal, they can join them. They can freeze their plans and get the same repayment rate, same interest rate, same time to repay as Northwest and Delta. It is very simple. Two plans, but no airline is tied to a particular plan. They can make the choice they wish. In fact, Continental is using both plans.

And so the argument that we are being unfair and are picking winners and losers among the airlines simply does not apply in this case. As Mr. OBERSTAR said, this is a fair arrangement which will preserve the pension funds for the employees of the airlines and will prevent a further load from being assigned to the PBGC, the Pension Benefit Guaranty Corporation, which would lose a lot of government money and which we may have to bail out if we do not adopt this plan.

I urge an ''aye'' vote.

Mr. GEORGE MILLER of California. Mr. Speaker, I yield myself such time as I may consume.

Mr. Speaker and Members of the House, this is a complicated piece of legislation and Members of the House and Members of the Senate have struggled with it for some period of time. That struggle really hasn't been completed yet because this legislation was taken from the conference committee and it is here tonight to be passed unilaterally within the House and be presented to the Senate in the future.

It is difficult to understand all of the things that have been done in this legislation, certainly for the Democratic Members of the House since we were not included in this conference committee. We were not invited into any of the sessions, nor was the information shared with us as it was developed during the conference committee because they chose to run it simply on a partisan basis among the House conferees.

□ 2230

But I think it is clear to understand also that this legislation does, in fact, as my colleague from Massachusetts said, miss a number of opportunities. And that is why we are concerned with it tonight.

We understand the changes that have been made that allow companies to continue to underfund those pension plans and then increase the contributions that those plans will have to make in later years, and it is pretty clear that as businesses sit down and make the decisions about the allocation of resources and they look at those increased contributions, the burden will really push them in the direction of freezing or terminating their plans. That is why we see the quote that was given this last day or so, ''We will see an unprecedented number of companies freezing their plans in 2007 because they will recognize the difficulties of the new pension regime.'' That comes from the American Benefits Council, which deals with so many of these plans, because this tilts the table toward the decisions by companies to terminate or to freeze those plans.

And if that happens, of course, we have been warned now, under this legislation by the Pension Benefit Guaranty Corporation that as they contribute less to those plans and then make that decision, it also heightens the likelihood that these underfunding problems will become worse, according to this legislation as represented to us by the Pension Benefit Guaranty Corporation. And they also make it clear

the Pension Benefit Guaranty Corporation that absorbs these plans on behalf of a safety net paid for by other plans that as they suffer from a huge deficit, a $23 billion deficit, they expect that this legislation that is before us tonight will add some $2 billion to that deficit over the next 10 years.

But there are other decisions that the conferees could have made or that you could have made in drafting this bill as you brought it to the floor. You could have erred on the side of working people. You could have made a decision that in these plans that are distressed and underfunded that we would, in fact, treat the employees and the executives alike. But we set two different standards. We said that if your plan is not 80 percent funded, then the employees can get no additional benefits in terms of their retirement out of that plan. But if a plan is only 60 percent funded, executives can continue to draw and add on and accrue pension benefits. So we have set two different standards here. Both people, I assume, are working very hard for the success of that corporation. One is just going to get treated entirely differently than the other. It is a matter of simple fairness. A matter of simple equity. But when we see the greatest disparities in the history of this country for a long time now, when we see these disparities, this bill increases those disparities between the executives and the employees.

You could have made a decision not to harm the pilots that were harmed after 9/11 because they were forced to retire early. Federal law made them retire at 60. Then 9/11 and the high fuel costs come along, and that drives United Airlines into bankruptcy, a bankruptcy I didn't agree with, but they went into bankruptcy; so you lost 40 percent of your pension. PBGC took over their plan, but you lost an additional amount because you retired at 60. Those pilots had no chance. We could have taken care of them in this bill. One would have thought that that was somewhat of a humane thing to do, a compassionate thing to do. They were victims of 9/11. They were victims of the downturn in the travel economy after 9/11. They were victims of high fuel costs. They did not do anything wrong, and Federal law forced them to retire. But we just blew off their cause in this legislation.

The issue of older workers, a missed opportunity there, to make sure, as we transition from defined benefits plans to cash balance plans, that we would protect the oldest of those workers, the closest to retirement, that we would make sure that they would be taken care of because, as we know, people who are 55, 60 years old, 5 years from retirement, have very little opportunity to accumulate the kind of economic resources that are necessary to match the retirement that they were expecting. You didn't have to do it. It was recommended by the administration.

The Secretary of Treasury, former Secretary Mr. Snow, said it should be done. He said he did it in his corporation at CSX. He voted to do it as a member of the board of Verizon. It was done by Honeywell. It was done by Wells Fargo Bank. It was a compassionate thing to do. They still realized the savings that they wanted by changing their pension plans, and I do not object to their doing that. I just thought that we could make an effort to try to protect those people who the GAO tells us would lose almost half of their benefits with those kinds of conversions. But that was not done in this legislation.

So I really think that we ought to understand that those kinds of decisions really do harm a number of people that could have been helped in this legislation, a significant number of people that could have been helped in this legislation. And we could have done some more to try to help keep these plans out of the PBGC.

We could have also made sure that before people went to bankruptcy in the manner in which United did, that they would have made the last ditch effort, the kind of effort that we just talked about earlier, where airlines made these kinds of efforts to freeze their plans, but they did not. But I think before we rush to bankruptcy and then we turn these plans over to the PBGC and maybe ultimately to the taxpayer that there ought to be a burden, there ought to be a showing, there ought to be evidence that, in fact, you made every effort. I am not asking you to destroy the company. I am asking you to make the kind of effort that we saw others make but they chose not to make it at United, and as a result of that, those machinists, those flight attendants, the pilots, the ramp workers, and so many others have taken such a serious hit on their pension benefits with no ability to recover. So those are my objections to this legislation.

We started this session with an unprecedented attack on Social Security. And as people started to look at that attack, and they saw the Federal privatization of Social Security, they started to look at their own pension plans, and they realized, as what we are doing with here today, that their own pension plans are very insecure. There is probably no employer in this country that can tell you that that pension plan will be there for their employees 75 years from now, 65 years from now, and be paying out 80 percent of the benefits. So people have come to realize that they need retirement security. And I do not believe that this legislation provides that kind of security that individuals need.

I recognize the transitions in pension plans. I recognize the changes in pension plans. But I really think that this legislation, in many ways, was drafted looking in the rear-view mirror as opposed to the future of these plans and how we encourage savings and how we encourage participation.

There is no question this legislation deals with some of those issues, but I do not believe that we did the kind of job that will serve us well in the future.

And I would encourage Members to oppose this legislation. We will have a motion to recommit, a motion that will protect those older workers, a motion that will treat those airlines the same. If they all freeze their plans, they should get the same number of years to do that, and we think it will provide them a greater margin of safety if they do that, and provide for that kind of transition and the protection of those pension plans as they originally requested, as the Senate originally voted to do. But the conferees didn't go there, and certainly this legislation being offered in the House tonight didn't go there. But that will be offered in a few minutes.

I urge opposition to this legislation.

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

Mr. MCKEON. Mr. Speaker, it gives me great pleasure to yield the balance of my time to our majority leader, who started this project as a subcommittee chairman and then full committee chairman of the Education Committee, Mr. BOEHNER from Ohio.

Mr. BOEHNER. Mr. Speaker, let me thank my colleague for yielding.

And, Mr. MILLER, let me say hello to you and thank you for your loyal opposition. Even though over the last 7 years that we have worked on this project together, much of what is in here you should be very proud of because you and Mr. ANDREWS, Mr. THOMAS, Mr. MCKEON, Mr. JOHNSON, and others, all of us, over the last 6 or 7 years, have spent a lot of time bringing this bill together.

And I am pleased that this bill is on the floor tonight. It could be here in a different form. It could be here in a different way. But the fact is that we have worked together in a bipartisan way to craft a very good bill to protect American workers' pensions.

Simply put, I think these reforms that we have put in place tonight represent the most sweeping changes to America's pension system in 30 years. And they will ensure that workers and retirees can continue to count on their hard-earned retirement benefits. And these reforms, I think, deserve the support of every Member in this House.

Over the past few years, we have seen more and more companies get out of their pension system, freeze their pension plan, go bankrupt, turn it over to the Pension Benefit Guaranty Corporation, and put the pension benefits for American workers in jeopardy. And what we are attempting to do tonight, in a bipartisan way, is to protect the American workers and the benefits that they have earned and try to make sure that the commitments that companies make to their workers are kept. And the way to do that is to make sure that we put more money into these pension funds.

Now, my friend from California, who was down here arguing against this bill, had a two-sided argument. One, the bill is too strong. We are going to require companies to put more money into their pension plans, and as a result, they are going to freeze their plans. Yet on the other hand, he is complaining that we are not protecting the interests of the American worker. Now, we spent years on this, both of us together, and we know the only way you get there is to walk a very fine line, to make sure that promises made to American workers are kept, that plans are better funded, and that we try to prevent a taxpayer bailout of the Pension Benefit Guaranty Corporation.

As my colleague from California said, 7 years ago, when I was bounced out of the Republican leadership after the 1998 election, I became chairman of the Employer-Employee Relations Subcommittee of the Education and the Workforce Committee, a subcommittee most of you have never heard of. And my ranking member was my good friend from New Jersey, Mr. ANDREWS, and we began a series of hearings in 1999 to uncover what was happening in the pension system in America today. And we had dozens of hearings and worked hard. And some of the things that we learned, I think we have dealt with very comprehensively in this bill.

The bill ensures that employers better fund their pension plans. It closes loopholes that allow underfunded plans to skip their pension payments. It prohibits employers and union leaders from digging the hole even deeper by promising extra benefits when their plans are severely underfunded. The bill enhances disclosure to give workers and retirees more information about the condition of their own pension fund that they are a member of. It protects taxpayers from a multi-billion dollar bailout of the Pension Benefit Guaranty Corporation. It better protects multi-employer pension plans for both workers and the employers who fund them. And it gives access to critical investment advice for those who have 401(K) plans and IRAs.

I want to also mention the last issue, the fact that one of the issues I have worked on for these 7 years and never given up on is trying to get critical investment advice into those who have self-directed plans. My colleague from Massachusetts sits over there with a smile on his face because we worked on this together, although he disagrees with me. He is still my friend. But helping those who have to make decisions in their 401(k) plan or their IRA is critically important if we want to help them get the type of retirement security that they want for themselves. We all know that many of these plans are underfunded.

There is not enough diversification in their portfolios, and if we don't get real investment advice and personalized investment advice into their hands, we know they are not going to have the type of retirement that they are expecting. Thankfully, those provisions are included in this bill to help make sure that investment advice gets there.

Another big issue is bringing legal certainty to those cash balance plans, these hybrid plans. It is not a defined benefit plan; it is not a 401(K). And over 2,000 companies in America today have these hybrid pension plans, and they are in some legal jeopardy. And I think we have struck the right balance in this legislation to protect the interest of older workers that are in defined benefit plans as these conversions take place.

Now, not every Member favors every provision of this bill, as my friend from California pointed out. And if I had to write this bill myself, it would be different than what we see today. The fact is that I think we have made good on our promise to help American workers keep their retirement benefits they have earned, to make sure that those commitments are kept.

I want to thank my friend from California, Chairman BILL THOMAS, whom I have worked on this proposal with for the last 5 years. We all know BILL is a sweet, lovable human being. This is his last year as chairman of the Ways and Means Committee. And I have got to tell you that all of us in the House, whether we agree with BILL or disagree with BILL every day, BILL is someone who works hard, puts his mind to it, and no one has worked harder in bringing this bill to the floor tonight than my colleague and friend from California, Mr. THOMAS.

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Also I want to thank Chairman MCKEON, the man who took my place as Chairman of the Education and Workforce Committee some 6 months ago, for his hard work.

I want to thank my staff. Stacey Dion, Stacey, everybody that has worked on this knows Stacey. She has been one of the principal authors of this. I want to thank Paula Nowakowski, Jo-Marie St. Martin, Kevin Smith, Mike Sommers, Greg Maurer, Dave Schnittger and George Canty on my staff for all of their work on this bill now and in the past.

I also have to thank some of my former staff on the Education and the Workforce Committee, Ed Gilroy, Steve Forde, Jim Paretti and Steve Perrotta, for all of the work they have done continuing to assist not only me when I was chairman, but Mr. MCKEON as well.

Let me also thank the staff from the Ways and Means Committee and our Democrat staff who have worked hard over many years to get us to this point.

This is a very important bill. I think all of my colleagues on both sides of the aisle know it is a very important bill.

When we started this process, Mr. ANDREWS and I in 1999, it wasn't many months into this when we asked ourselves, why haven't these laws been cleaned up and straightened out? Well, Mr. ANDREWS, I can tell you, I found out why, because it is hard work and there are a lot of people who have a lot of different interests.

But at the end of the day, the work that we started I think is going to pay dividends tonight, because what we have here is a process and a product that has been developed together that will in fact meet the goals that we set out to do. And it wouldn't have happened without the work of a lot of Members on both sides of the aisle.

With that, Mr. Speaker, I ask my colleagues to support this bill, to defeat the motion to recommit, and move this bill to the Senate and on to the President's desk.

Mr. BLUMENAUER. Mr. Speaker, there is probably no issue of more critical interest to the majority of the people that I represent than retirement security. We are facing a growing crisis in this country because of the way pension plans have been mismanaged and the stresses that are coming from demographic changes, in particular the pending retirement of the baby-boomers. We've already seen many of these programs disrupted to the serious disadvantage of hardworking men and women who through no fault of their own are facing a much more difficult time in retirement.

I am sad in this instance that this bill does not make the simple adjustment that all employees' pensions are treated the same whether they are an executive or metalworker or longshoreman. That would have been a simple reform providing equity and would have forced more attention and energy on the part of top executives to protect the integrity of their pension programs. However this is not the case.

I am frustrated that this comes at the last minute with little chance for review and without the full participation from conferees on both sides of the aisle. Frankly, my staff and I and the people in my district have had very little time to be able to fully analyze the consequences of this legislation. This is not the best we can do, but it looks to me like it's the best we can expect for now. I am quite confident this is not the last word and I will vote in favor while continuing to work to do a better job for American industry and its workers.

Ms. JACKSON-LEE of Texas. Mr. Speaker, I rise in opposition to H.R. 4, the Pension Protection Act of 2005. I support the Miller/Rangel motion for several reasons. Specifically, I oppose the bill because I am not satisfied that it adequately protects older workers' benefits in cash balance conversions and ensures that airline pilots do not see unfair cuts to their PBGC benefits because of the FAA's mandatory retirement rules and agree to the Senate provisions on airlines. I believe the bill can be designed better to prevent pension plan dumping and to treat equally executive compensation and worker and executive pensions equally.

PROVISIONS PROTECTING OLDER WORKERS' BENEFITS IN CASH BALANCE CONVERSIONS

These provisions prohibit discrimination against older workers by the practice of offsetting previously earned pension benefits against new benefits under the plan, also known as "wearaway" of older worker benefits. They also provide fair rules to protect workers' pensions in conversions of traditional pension plans to cash balance pension plans.

In a recent study, the GAO found that, without these transition protections, almost all workers could lose up to 50 percent of their expected pension benefits in a cash balance conversion.

PROVISIONS THAT ENSURE THAT AIRLINE PILOTS DO NOT SEE UNFAIR CUTS TO THEIR PBGC BENEFITS BECAUSE OF THE FAA'S MANDATORY RETIREMENT RULES

Under FAA rules, airline pilots are required to retire at age 60, and if they retire earlier than age 60, they cannot go back to work once they hit age 60. When a pilot pension plan is terminated and sent to the PBGC, the PBGC considers age 65 to be the normal retirement age, treats age 60 as an early retirement, and cuts pilots guaranteed benefits as a result. These provisions would require the PBGC to treat age 60 as the normal retirement age for pilots and adjust their guaranteed benefits accordingly. The motion would limit this treatment to those pension plans which were terminated after September 11, 2001. It could come no sooner. United Airlines pilots are seeing their pensions cut by tens of thousands of dollars each year under the PBGC rules. Their retirement nest eggs have been decimated. They are hit twice—once by the company's unfair dumping and again by the PBGC's benefit reductions.

PROTECTION OF AIRLINES

The airlines have been hurt by skyrocketing fuel prices and 9/11. It would be devastating to hundreds of thousands of workers across the Nation if more airlines are permitted to dump their plans into the PBGC. These provisions give airlines the ability to keep their plans going by stretching out payments over 20 years instead of 7 years.

PROVISIONS DESIGNED TO PREVENT PENSION PLAN DUMPING

These provisions allow the PBGC and Treasury Secretary to enter into an alternative funding agreement with an employer if its pension plan is in danger of being terminated. If workers and retirees are facing the destruction of their pension plans, Congress should give the PBGC and Treasury Departments the flexibility to work out alternatives to termination. If such alternatives to simply dumping a plan were available during the United Airlines crisis, the largest pension termination in history might have been averted.

PROVISIONS ON EXECUTIVE COMPENSATION AND WORK TO TREAT WORKER AND EXECUTIVE PENSIONS EQUALLY

Under the House bill, workers see benefit restrictions when a pension plan falls below 80 percent funding. Executives, on the other hand, only see limited benefit restrictions much later—at less than 60 percent funding. The Senate bill achieves greater parity than the House bill in how workers and executives are treated. Over the last several years, we have seen repeated cases where executives have protected or even enhanced their own golden parachutes, while cutting or eliminating workers' pensions. It is time for these unfair practices to end. If it is good enough for the sailor, it is good enough for the captain.

CONCLUSION

For these reasons, I oppose H.R. 4 and urge my colleagues to join me.

Mr. KIND. Mr. Speaker, I rise in support of the legislation before us tonight. The Pension Benefit Guaranty Corporation, PBGC, is dangerously underfunded, current pension law is antiquated, and this Congress must do all it can to shore up America's private pension system.

The bill addresses the concerns of both workers and employers and makes necessary changes to shore up the Federal pension system. Among the welcomed reforms are greater transparency and accountability in the PBGC, the special consideration given to airlines, and the overall tightening of rules so that companies will meet their financial obligations to their employees and retirees.

As a cochair of the New Democrat Coalition, I believe it is important to reform pensions so that promises to workers are kept, taxpayers are not left footing the bill, and companies can continue to be good actors and offer pension plans. In addition, any discussion of pension reform must include an increased emphasis on personal responsibility.

Americans are not saving enough for retirement. In fact, the national savings rate is at its lowest level since the 1930s, declining from 9.4 percent in 1970 to just 1 percent in 2004. In response to these weak savings rates, we need to create new, simpler incentives for middle-class Americans to save. Fewer than 40 percent of U.S. workers have calculated how much they will need to retire, 30 percent have not saved anything for retirement, and only 20 percent feel very confident about having enough money to live comfortably in retirement. Therefore, I am pleased by provisions in this bill making the saver's credit permanent and encouraging automatic enrollment in 401Ks.

This legislation makes the necessary reforms to strengthen the Federal pension system to the benefit of workers, retirees and taxpayers alike.

Mr. LEVIN. Mr. Speaker, House Republicans are bringing this bill, rather than a final conference report, for one reason and one reason only—to prevent the inclusion of long-overdue provisions to extend important business tax credits that reward things like research and development and efforts to hire low-wage workers. Those credits expired 7 months ago and are now hostage to the Republican quest to pass tax cuts for a tiny number of incredibly wealthy families. That is an outrage.

However much I deplore the process by which this bill was rushed to the floor, and however flawed it may be, it does include some critically important and very time-sensitive provisions, and its worst elements have been significantly improved since the original Bush administration proposal. For that reason, I have decided to vote in favor of this bill.

The bill includes provisions which must be enacted quickly if we hope to save pension benefits for large numbers of workers in the airline industry and in the building trades and other industries with multi-employer pension plans.

Without a provision in this bill which would give airlines more time to fully fund their pension plans, Northwest Airlines has said it will have to terminate its pension plan and turn it over to the Federal Pension Benefit Guaranty Corporation. That's a bad outcome for everyone. It's a bad outcome for Northwest employees, because many of them will not receive their full earned pensions if that happens. It's a bad outcome for taxpayers, because we will assume Northwest's debt, even though the company is eager to pay it, given time.

The bill also includes long-overdue reforms to multi-employer pension plan law. These long-overdue reforms will allow multi-employer pension plans to address what for some plans is a short-term funding crisis, and will give all plans flexibility they didn't have before to advance fund and guard against a future crisis. Republican leaders unfairly dropped multi-employer pension plan reform from the pension reform bill that addressed similar problems for single-employer plans several years ago.

This final bill also represents a substantial improvement over the original proposal put forth by the Bush administration, and the bills that passed the House and Senate. Under the improved bill:

Companies will be spared the extreme funding unpredictability proposed by the Bush administration, which advocated forcing companies to respond to every short-term fluctuation in interest rates and workforce composition, without any ''smoothing'' of interest rates at all.

A provision which would have unfairly classified pension plans as ''at risk'' and subject to penalty if the company had a poor credit rating, even if the plan itself was well-funded, has been removed. That provision might have forced companies like General Motors to divert resources from addressing business challenges and into an already well-funded pension plan.

Plans will be allowed to amortize both gains and losses in their pension plans over time, and will be able to use accurate assumptions about early retirement to predict future liabilities so that the plans are properly funded.

The flawed Bush administration proposal to deny all workers plant shutdown benefits was mitigated, though not removed, and the conferees adopted provisions from the Senate bill which we hope will prevent employers from using pension plan underfunding as a tactic to cut retirement benefits negotiated in collective bargaining.

Despite my decision to support the bill and address immediate needs, I must admit I continue to have deep reservations about this bill's long-term impact on our defined benefit pension system, which provides guaranteed retirement income for millions of Americans. Knowing how committed President Bush and his allies in the House are to Social Security privatization increases my concerns, especially given the way this bill came to the House floor.

The final bill includes fundamental changes to the way companies determine their contributions to pension plans. The new ''yield curve'' methodology proposed by the Bush administration is completely untested, and is likely to make required pension obligations much more unpredictable. Many companies have suggested that this new unpredictability may be the final straw that leads them to terminate their guaranteed pension plans.

The final bill includes a requirement that companies subtract credit balances they earned by making advance pension contributions before calculating their plan funding level, a change which will provide a strong disincentive to advance fund, since advance contributions will be treated as if they don't exist in the future. Advance funding is critical if companies are to balance the need to fully fund retirement benefits with the need to direct resources to current operations in difficult times.

The final bill included provisions which may make workers pay the price when companies don't fund their pensions, including provisions

which restrict benefits for workers when plants shut down and a dangerous provision which would allow deeply underfunded multiemployer pension plans to cut benefits that workers have already earned. The bill also misses a real opportunity to enact better protections for workers whose companies declare bankruptcy and terminate their pension plans.

I regret that this bill was not crafted in a Congress that genuinely believed in guaranteed retirement benefits and preserving them for the future. There is much bad with the good, and much of the effort that went into this bill was directed toward mitigating problems with the original bill, rather than addressing real problems with retirement security. I hope that in the next Congress, we will be in a position to pass legislation that will strengthen retirement security for all workers.

Mr. TIBERI. Mr. Speaker, H.R. 4 provides significant reforms of ERISA prohibited transaction rules. These new exemptions are in addition to exemptions that have already been granted by the Secretary of Labor or are included in the ERISA statute.

I am supportive of the relief for the use of electronic communication networks and similar trading venues. This reflects the availability of new technology to make trading more efficient. ERISA plans are incurring higher execution costs because of the difficulty of sending ERISA plan trades to electronic trading systems. Greater access to electronic trading can provide ERISA plan participants with the same benefits that are available to non-ERISA plans and other institutional investors.

The legislation requires plan fiduciary authorization and prior notice before an ECN or similar trading venue can be used if the manager or his affiliate has an ownership interest in the trading venue. However, it recognizes that prior notice and authorization is not required for exchanges or venues where a manager or its affiliate have an ownership interest that is insignificant, such as under 10 percent. In addition, as under current law, a transaction executed on an exchange or automated public quotation system will not result in a prohibited transaction, even if it is owned in part by an affiliate of an investment manager.

The SPEAKER pro tempore. All time for debate has expired.

Pursuant to House Resolution 966, the bill is considered read and the previous question is ordered.

The question is on the engrossment and third reading of the bill.

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

MOTION TO RECOMMIT OFFERED BY MR. GEORGE MILLER OF CALIFORNIA

Mr. GEORGE MILLER of California. Mr. Speaker, I offer a motion to recommit.

The SPEAKER pro tempore. Is the gentleman opposed to the bill?

Mr. GEORGE MILLER of California. I am in its current form.

The SPEAKER pro tempore. The Clerk will report the motion to recommit.

The Clerk read as follows:

Mr. George Miller of California moves to recommit the bill H.R. 4 to the Committee on Education and the Workforce with instructions to report the same back to the House forthwith with the following amendment:

At the end of title I add the following:

Subtitle C—Age Requirement for Employers

SEC. 121. AGE REQUIREMENT FOR EMPLOYERS.

(a) SINGLE-EMPLOYER PLAN BENEFITS GUARANTEED.—Section 4022(b) of the Employee Retirement Income Security Act of 1974 (29 U.S.C. 1322(b)) is amended in the flush matter following paragraph (3), by adding at the end the following: ''If, at the time of termination of a plan under this title, regulations prescribed by the Federal Aviation Administration require an individual to separate from service as a commercial airline pilot after attaining any age before age 65, paragraph (3) shall be applied to an individual who is a participant in the plan by reason of such service by substituting such age for age 65.''.

(b) MULTIEMPLOYER PLAN BENEFITS GUARANTEED.—Section 4022B(a) of the Employee Retirement Income Security Act of 1974 (29 U.S.C. 1322b(a)) is amended by adding at the end the following: ''If, at the time of termination of a plan under this title, regulations prescribed by the Federal Aviation Administration require an individual to separate from service as a commercial airline pilot after attaining any age before age 65, this subsection shall be applied to an individual who is a participant in the plan by reason of such service by substituting such age for age 65.''.

(c) EFFECTIVE DATE.—The amendments made by this section shall apply to benefits payable on or after the date of enactment of this Act, but only with respect to plan terminations occurring after September 11, 2001.

Strike section 402 and insert the following:

SEC. 402. SPECIAL FUNDING RULES FOR PLANS MAINTAINED BY COMMERCIAL AIRLINES THAT ARE AMENDED TO CEASE FUTURE BENEFIT ACCRUALS.

(a) IN GENERAL.—If an election is made to have this section apply to an eligible plan—

(1) in the case of any applicable plan year beginning before January 1, 2007, the plan shall not have an accumulated funding deficiency for purposes of section 302 of the Employee Retirement Income Security Act of 1974 and sections 412 and 4971 of the Internal Revenue Code of 1986 if contributions to the plan for the plan year are not less than the minimum required contribution determined under subsection (d) for the plan for the plan year, and

(2) in the case of any applicable plan year beginning on or after January 1, 2007, the minimum required contribution determined under sections 303 of such Act and 430 of such Code shall, for purposes of sections 302 and 303 of such Act and sections 412, 430, and 4971 of such Code, be equal to the minimum required contribution determined under subsection (d) for the plan for the plan year.

(b) ELIGIBLE PLAN.—For purposes of this section—

(1) IN GENERAL.—The term ''eligible plan'' means a defined benefit plan (other than a multiemployer plan) to which sections 302 of such Act and 412 of such Code applies—

(A) which is sponsored by an employer—

(i) which is a commercial airline passenger airline, or

(ii) the principal business of which is providing catering services to a commercial passenger airline, and

(B) with respect to which the requirements of paragraphs (2) and (3) are met.

(2) ACCRUAL RESTRICTIONS.—

(A) IN GENERAL.—The requirements of this paragraph are met if, effective as of the first day of the first applicable plan year and at all times thereafter while an election under this section is in effect, the plan provides that—

(i) the accrued benefit, any death or disability benefit, and any social security supplement described in the last sentence of section 411(a)(9) of such Code and section 204(b)(1)(G) of such Act, of each participant are frozen at the amount of such benefit or supplement immediately before such first day, and

(ii) all other benefits under the plan are eliminated,

but only to the extent the freezing or elimination of such benefits would have been permitted under section 411(d)(6) of such Code and section 204(g) of such Act if they had been implemented by a plan amendment adopted immediately before such first day.

(B) INCREASES IN SECTION 415 LIMITS DISREGARDED.—If a plan provides that an accrued benefit of a participant which has been subject to any limitation under section 415 of such Code will be increased if such limitation is increased, the plan shall not be treated as meeting the requirements of this paragraph unless, effective as of the first day of the first applicable plan year and at all times thereafter while an election under this section is in effect, the plan provides that any such increase shall not take effect. A plan shall not fail to meet the requirements of section 411(d)(6) of such Code and section 204(g) of such Act solely because the plan is amended to meet the requirements of this subparagraph.

(3) RESTRICTION ON APPLICABLE BENEFIT INCREASES.—

(A) IN GENERAL.—The requirements of this paragraph are met if no applicable benefit increase takes effect at any time during the period beginning on July 26, 2005, and ending on the day before the first day of the first applicable plan year.

(B) APPLICABLE BENEFIT INCREASE.—For purposes of this paragraph, the term ''applicable benefit increase'' means, with respect to any plan year, any increase in liabilities of the plan by plan amendment (or otherwise provided in regulations provided by the Secretary) which, but for this paragraph, would occur during the plan year by reason of—

(i) any increase in benefits,

(ii) any change in the accrual of benefits, or

(iii) any change in the rate at which benefits become nonforfeitable under the plan.

(4) EXCEPTION FOR IMPUTED DISABILITY SERVICE.—Paragraphs (2) and (3) shall not apply to any accrual or increase with respect to imputed service provided to a participant during any period of the participant's disability occurring on or after the effective date of the plan amendment providing the restrictions under paragraph (2) if the participant—

(A) was receiving disability benefits as of such date, or

(B) was receiving sick pay and subsequently determined to be eligible for disability benefits as of such date.

(c) ELECTIONS AND RELATED TERMS.—

(1) IN GENERAL.—A plan sponsor shall make the election under subsection (a) at such time and in such manner as the Secretary of the Treasury may prescribe. Except as provided in subsection (h)(5), such election, once made, may be revoked only with the consent of such Secretary.

(2) YEARS FOR WHICH ELECTION MADE.—

(A) IN GENERAL.—The plan sponsor may select the first plan year to which the election under subsection (a) applies from among plan years ending after the date of the election. The election shall apply to such plan year and all subsequent years.

(B) ELECTION OF NEW PLAN YEAR.—The plan sponsor may specify a new plan year in the election under subsection (a) and the plan year of the plan may be changed to such new plan year without the approval of the Secretary of the Treasury.

(3) APPLICABLE PLAN YEAR.—The term ''applicable plan year'' means each plan year to which the election under subsection (a) applies under paragraph (1).

(d) MINIMUM REQUIRED CONTRIBUTION.—

(1) IN GENERAL.—In the case of any applicable plan year during the amortization period, the minimum required contribution shall be the amount necessary to amortize the unfunded liability of the plan, determined as of the first day of the plan year, in equal annual installments (until fully amortized) over the remainder of the amortization period. Such amount shall be separately determined for each applicable plan year.

(2) YEARS AFTER AMORTIZATION PERIOD.—In the case of any plan year beginning after the end of the amortization period, section 302(a)(2)(A) of such Act and section 412(a)(2)(A) of such Code shall apply to such plan, but the prefunding balance as of the first day of the first of such years under section 303(f) of such Act and section 430(f) of such Code shall be zero.

(3) DEFINITIONS.—For purposes of this section—

(A) UNFUNDED LIABILITY.—The term ''unfunded liability'' means the unfunded accrued liability under the plan, determined under the unit credit funding method.

(B) AMORTIZATION PERIOD.—The term ''amortization period'' means the 20-plan year period beginning with the first applicable plan year.

(4) OTHER RULES.—In determining the minimum required contribution and amortization amount under this subsection—

(A) the provisions of section 302(c)(3) of such Act and section 412(c)(3) of such Code, as in effect before the date of enactment of this section, shall apply,

(B) the rate of interest under section 302(b) of such Act and section 412(b) of such Code, as so in effect, shall be used for all calculations requiring an interest rate, and

(C) the value of plan assets shall be equal to their fair market value.

(5) SPECIAL RULE FOR CERTAIN PLAN SPINOFFS.—For purposes of subsection (a), if, with respect to any eligible plan to which this subsection applies—

(A) any applicable plan year includes the date of the enactment of this Act,

(B) a plan was spun off from the eligible plan during the plan year but before such date of enactment,

the minimum required contribution under subsection (a)(1) for the eligible plan for such applicable plan year shall be determined as if the plans were a single plan for that plan year (based on the full 12-month plan year in effect prior to the spin-off). The employer shall designate the allocation of the minimum required contribution between such plans for the applicable plan year and direct the appropriate reallocation between the plans of any contributions for the applicable plan year.

(e) FUNDING STANDARD ACCOUNT AND PREFUNDING BALANCE.—Any charge or credit in the funding standard account under section 302 of such Act or section 412 of such Code, and any prefunding balance under section 303 of such Act or section 430 of such Code, as of the day before the first day of the first applicable plan year, shall be reduced to zero.

(f) AMENDMENTS TO OTHER PROVISIONS.—

(1) QUALIFICATION REQUIREMENT.—Section 401(a)(36) of the Internal Revenue Code of 1986, as added by section 402 of this Act, is amended by adding at the end the following: ''This paragraph shall also apply to any plan during any period during which an amortization schedule under section 403 of the Pension Security and Transparency Act of 2005 is in effect.''

(2) PBGC LIABILITY LIMITED.—Section 4022 of the Employee Retirement Income Security Act of 1974, as amended by this Act, is amended by adding at the end the following new subsection:

''(h) SPECIAL RULE FOR PLANS ELECTING CERTAIN FUNDING REQUIREMENTS.—During any period in which an election by a plan under section 403 of the Pension Security and Transparency Act of 2005 is in effect, then this section and section 4044(a)(3) shall be applied by treating the first day of the first applicable plan year as the termination date of the plan. This subsection shall not apply to any plan for which an election under section 403(h) of such Act is in effect.''.

(3) LIMITATION ON DEDUCTIONS UNDER CERTAIN PLANS.—Section 404(a)(7)(C)(iii) of the Internal Revenue Code of 1986, as added by this Act, is amended by adding at the end the following new sentence: ''This clause shall also apply to any plan for a plan year if an election under section 403 of the Pension Security and Transparency Act of 2005 is in effect for such year.''

(4) NOTICE.—In the case of a plan amendment adopted in order to comply with this section, any notice required under section 204(h) of such Act or section 4980F(e) of such Code shall be provided within 15 days of the effective date of such plan amendment. This subsection shall not apply to any plan unless such plan is maintained pursuant to one or more collective bargaining agreements between employee representatives and 1 or more employers.

(g) SPECIAL RULES FOR TERMINATION OF ELIGIBLE PLANS.—During any period an election is in effect under this section with respect to an eligible plan, the Pension Benefit Guaranty Corporation shall, before it seeks or approves a termination of such plan under section 4041(c) or 4042 of the Employee Retirement Income Security Act of 1974—

(1) make a determination under section 4041(c)(4) or 4042(i) of such Act whether the termination would be necessary if the Secretary of the Treasury were to enter into an agreement under section 4047(a) of such Act which provides an alternative funding agreement to replace the amortization schedule under this section, and

(2) if the Corporation determines such an agreement would make such termination unnecessary, take all necessary actions to ensure the agreement is entered into.

The Pension Benefit Guaranty Corporation shall make the determination under paragraph (1) within 90 days of receiving all information needed in connection with a request for a termination (or if no such request is made, within 90 days of consideration of the termination by the Corporation).

(h) CERTAIN BENEFIT ACCRUALS AND INCREASES ALLOWED IF ADDITIONAL CONTRIBUTIONS MADE TO COVER COSTS.—

(1) IN GENERAL.—If an employer elects the application of this subsection—

(A) the requirements of paragraphs (2) and (3) of subsection (b) shall not apply with respect to any eligible plan maintained by the employer and specified in the election, and

(B) the minimum required contribution under subsection (d) for any plan year with respect to the plan shall be increased by the amounts described in paragraphs (2) and (3).

Any liabilities and assets taken into account under this subsection shall not be taken into account in determining the unfunded liability of the plan for purposes of subsection (d).

(2) CURRENT FUNDING OF ACCRUALS AND INCREASES.—The amount determined under this paragraph for any plan year is the target normal cost which would occur under section 303(b) of such Act and 430(b) of such Code if—

(A) any benefit accrual, or benefit increase taking effect, during the plan year by reason of this subsection were treated as having been accrued or earned during the plan year, and

(B) the plan were treated as if it were in at-risk status.

(3) FUNDING MUST BE MAINTAINED.—The amount determined under this paragraph for any plan year is the amount of any increase in the shortfall amortization charge which would occur under section 303(c) of such Act and 430(c) of such Code if—

(A) the funding target were determined by only taking into account benefits to which paragraph (2) applied for preceding plan years,

(B) the only assets taken into account were the contributions required under this paragraph and paragraph (2) for preceding plan years (and any earnings thereon),

(C) the amortization period included only the plan year,

(D) the transition rule under section 303(c)(4)(B) of such Act and section 430(c)(4)(B) of such Code did not apply, and

(E) the plan were treated as if it were in at-risk status.

(4) SPECIAL RULES FOR YEARS BEFORE 2007.—Notwithstanding any other provision of this Act, in the case of an applicable plan year of an eligible plan to which this subsection applies which begins before January 1, 2007, in determining the amounts described in paragraphs (2) and (3) for such plan year—

(A) the provisions of, and amendments made by, sections 101, 102, 111, and 112 shall apply to such plan year, except that

(B) the interest rate used under section 303 of such Act and section 430 of such Code for purposes of applying paragraphs (2) and (3) to such plan year shall be the interest rate determined under section 302(b)(5) of such Act and section 412(b)(5) of such Code, as in effect for plan years beginning in 2005.

(5) ELECTION OUT OF SECTION.—An employer maintaining an eligible plan to which this subsection applies may make a one-time election with respect to any applicable plan year not to have this section apply to such plan year and all subsequent plan years. Subject to subsection (d)(2), the minimum required contribution under section 303 of such Act and 430 of such Code for all such plan years shall be determined without regard to this section.

(i) EXCLUSION OF CERTAIN EMPLOYEES FROM MINIMUM COVERAGE REQUIREMENTS.—

(1) IN GENERAL.—Section 410(b)(3) of such Code is amended by striking the last sentence and inserting the following: ''For purposes of subparagraph (B), management pilots who are not represented in accordance with title II of the Railway Labor Act shall be treated as covered by a collective bargaining agreement described in such subparagraph if the management pilots manage the flight operations of air pilots who are so represented and the management pilots are, pursuant to the terms of the agreement, included in the group of employees benefitting under the trust described in such subparagraph. Subparagraph (B) shall not apply in the case of a plan which provides contributions or benefits for employees whose principal duties are not customarily performed aboard an aircraft in flight (other than management pilots described in the preceding sentence).''

(2) EFFECTIVE DATE.—The amendment made by this subsection shall apply to years beginning before, on, or after the date of the enactment of this Act.

(j) EFFECTIVE DATE.—Except as otherwise provided in this section, the amendments made by this section shall apply to plan years ending after the date of the enactment of this Act.

Strike title VII of the bill and insert the the following:

TITLE VII—TREATMENT OF CASH BALANCE AND OTHER HYBRID DEFINED BENEFIT PENSION PLANS

SEC. 701. PROSPECTIVE APPLICATION OF AGE DISCRIMINATION, CONVERSION, AND PRESENT VALUE ASSUMPTION RULES.

(a) APPLICATION OF AGE DISCRIMINATION PROHIBITIONS.—

(1) AMENDMENT OF ERISA.—Section 204(b) of the Employee Retirement Income Security Act of 1974 (29 U.S.C. 1054(b)) is amended by adding at the end the following:

''(5) SPECIAL RULES FOR CASH BALANCE AND OTHER HYBRID DEFINED BENEFIT PLANS.—

''(A) IN GENERAL.—A qualified cash balance plan shall not be treated as violating the requirements of paragraph (1)(H) merely because it may reasonably be expected that the period over which interest credits will be made to a participant's accumulation account (or its equivalent) is longer for a younger participant. This paragraph shall not apply to any plan if the rate of any pay credit or interest credit to such an account under the plan decreases by reason of the participant's attainment of any age.

''(B) QUALIFIED CASH BALANCE PLAN.—For purposes of this paragraph—

''(i) IN GENERAL.—The term 'qualified cash balance plan' means a cash balance plan which meets the vesting requirement under clause (ii) and the interest credit requirement under clause (iii).

''(ii) VESTING REQUIREMENTS.—A plan meets the requirements of this clause if an employee who has completed at least 3 years of service has a nonforfeitable right to 100 percent of the employee's accrued benefit derived from employer contributions.

''(iii) INTEREST CREDITS.—A plan meets the requirements of this clause if the terms of the plan provide that any interest credit (or equivalent amount) for any plan year shall be at a rate which—

''(I) is not less than the applicable Federal mid-term interest rate (as determined under section 1274(d)(1) of the Internal Revenue Code of 1986), and

''(II) is not greater than the greater of the rate determined under subclause (I) or a rate equal to the rate of interest on amounts invested conservatively in long-term investment grade corporate bonds.

''(iv) DETERMINATION OF RATES.—For purposes of clause (iii)(II), the rate of interest on amounts invested conservatively in long-term investment grade corporate bonds shall be determined by the Secretary of the Treasury on the basis of 2 or more indices that are selected periodically by the Secretary of the Treasury. The Secretary of the Treasury shall make publicly available the indices and methodology used to determine the rate.

''(v) VARIABLE RATE OF INTEREST.—If the interest credit rate under the plan is a variable rate, the plan shall provide that, upon the termination of the plan, the rate of interest used to determine accrued benefits under the plan shall be equal to the average of the rates of interest used under the plan during the 5-year period ending on the termination date.

''(C) CASH BALANCE PLAN.—For purposes of this paragraph, the term 'cash balance plan' means a defined benefit plan under which—

''(i) the accrued benefit is determined by reference to the balance of a hypothetical accumulation account, and

''(ii) pay credits and interest credits are credited to such account.

''(D) REGULATIONS TO INCLUDE SIMILAR OR OTHER HYBRID PLANS.—

''(i) CASH BALANCE PLAN.—The Secretary of the Treasury shall issue regulations which include in the definition of cash balance plan any defined benefit plan (or any portion of such a plan) which has an effect similar to a cash balance plan. Such regulations may provide that if a plan sponsor represents in communications to participants and beneficiaries that a plan amendment results in a plan being described in the preceding sentence, such plan shall be treated as a cash balance plan.

''(ii) QUALIFIED CASH BALANCE PLAN.—The Secretary of the Treasury may in the regulations issued under clause (i) provide for the treatment of a cash balance plan as a qualified cash balance plan in cases where the cash balance plan has an effect similar to the qualified cash balance plan.''.

(2) AGE DISCRIMINATION IN EMPLOYMENT ACT.—Section 4(i)(2) of the Age Discrimination of Employment Act of 1967 (29 U.S.C. 623(i)(2)) is amended—

(A) by inserting ''(A)'' after ''(2)'', and

(B) by adding at the end the following new subparagraph:

''(B) A defined benefit plan which is treated as a qualified cash balance plan for purposes of section 204(b)(5) of the Employee Retirement Income Security Act of 1974 shall not be treated as violating the requirements of paragraph (1)(A) merely because it may reasonably be expected that the period over which interest credits will be made under the plan to a participant's accumulation account (or its equivalent) is longer for a younger participant. This subparagraph shall not apply to any plan if the rate of any pay credit or interest credit to such an account under the plan decreases by reason of the participant's attainment of any age.''.

(3) AMENDMENT OF INTERNAL REVENUE CODE.—Section 411(b) of the Internal Revenue Code of 1986 (relating to accrued benefit requirements) is amended by adding at the end the following:

''(5) SPECIAL RULES FOR CASH BALANCE AND OTHER HYBRID DEFINED BENEFIT PLANS.—

''(A) IN GENERAL.—A qualified cash balance plan shall not be treated as violating the requirements of paragraph (1)(H) merely because it may reasonably be expected that the period over which interest credits will be made to a participant's accumulation account (or its equivalent) is longer for a younger participant. This paragraph shall not apply to any plan if the rate of any pay credit or interest credit to such an account under the plan decreases by reason of the participant's attainment of any age.

''(B) QUALIFIED CASH BALANCE PLAN.—For purposes of this paragraph—

''(i) IN GENERAL.—The term 'qualified cash balance plan' means a cash balance plan which meets the vesting requirement under clause (ii) and the interest credit requirement under clause (iii).

''(ii) VESTING REQUIREMENTS.—A plan meets the requirements of this clause if an employee who has completed at least 3 years of service has a nonforfeitable right to 100 percent of the employee's accrued benefit derived from employer contributions.

''(iii) INTEREST CREDITS.—A plan meets the requirements of this clause if the terms of the plan provide that any interest credit (or equivalent amount) for any plan year shall be at a rate which—

''(I) is not less than the applicable Federal mid-term interest rate (as determined under section 1274(d)(1)), and

''(II) is not greater than the greater of the rate determined under subclause (I) or a rate equal to the rate of interest on amounts invested conservatively in long-term investment grade corporate bonds.

''(iv) DETERMINATION OF RATES.—For purposes of clause (iii)(II), the rate of interest on amounts invested conservatively in long-term investment grade corporate bonds shall be determined by the Secretary on the basis of 2 or more indices that are selected periodically by the Secretary. The Secretary shall make publicly available the indices and methodology used to determine the rate.

''(v) VARIABLE RATE OF INTEREST.—If the interest credit rate under the plan is a variable rate, the plan shall provide that, upon the termination of the plan, the rate of interest used to determine accrued benefits under the plan shall be equal to the average of the rates of interest used under the plan during the 5-year period ending on the termination date.

''(C) CASH BALANCE PLAN.—For purposes of this paragraph, the term 'cash balance plan' means a defined benefit plan under which—

''(i) the accrued benefit is determined by reference to the balance of a hypothetical accumulation account, and

''(ii) pay credits and interest credits are credited to such account.

''(D) REGULATIONS TO INCLUDE SIMILAR OR OTHER HYBRID PLANS.—

''(i) CASH BALANCE PLAN.—The Secretary shall issue regulations which include in the definition of cash balance plan any defined benefit plan (or any portion of such a plan) which has an effect similar to a cash balance plan. Such regulations may provide that if a plan sponsor represents in communications to participants and beneficiaries that a plan amendment results in a plan being described in the preceding sentence, such plan shall be treated as a cash balance plan.

''(ii) QUALIFIED CASH BALANCE PLAN.—The Secretary may in the regulations issued under clause (i) provide for the treatment of a cash balance plan as a qualified cash balance plan in cases where the cash balance plan has an effect similar to the qualified cash balance plan.''.

(b) RULES APPLICABLE TO ACCRUED BENEFITS UNDER CONVERTED PLANS.—

(1) AMENDMENT OF ERISA.—Section 204(g) of the Employee Retirement Income Security Act of 1974 (29 U.S.C. 1054(g)) is amended by adding at the end the following new paragraph:

''(6) TREATMENT OF CONVERSIONS TO CASH BALANCE OR OTHER HYBRID PLANS.—

''(A) IN GENERAL.—For purposes of this subsection, an applicable plan amendment shall be treated as reducing the accrued benefit of a participant if, under the terms of the plan as in effect after the amendment, the accrued benefit of any participant who was a participant as of the effective date of the amendment may at any time be less than the accrued benefit determined under the method under subparagraph (B), (C), or (D) which is specified in the plan and applies uniformly to all participants. An applicable plan amendment shall in no event be treated as meeting the requirements of any such subparagraph if the conversion described in subparagraph (G)(i) is into a cash balance plan other than a qualified cash balance plan (as defined in subsection (b)(5)(B)).

''(B) NO WEARAWAY.—

''(i) IN GENERAL.—The accrued benefit determined under this subparagraph is the sum of—

''(I) the participant's accrued benefit for years of service before the effective date of the amendment, determined under the terms of the plan as in effect before the amendment, plus

''(II) except as provided in clause (ii), the participant's accrued benefit for years of service after the effective date of the amendment, determined under the terms of the plan as in effect after the amendment.

''(ii) REQUIRED AMOUNTS FOR CERTAIN PERIODS.—Notwithstanding clause (i)(II), the plan shall provide that either—

''(I) the accrued benefit of all participants for each of the first 5 plan years to which the amendment applies shall be equal to the greater of the accrued benefit determined

under the terms of the plan as in effect both before and after the amendment, or

''(II) the accrued benefit for periods after the effective date of the amendment of all participants who, as of the effective date of the amendment, had attained the age of 40 and had a combined age and years of service under the plan of not less than 55 shall be determined under either of the methods described in clause (iii) which is selected by the plan and which is specified in the amendment.

''(iii) APPLICABLE METHOD.—For purposes of clause (ii)(II), the plan shall select 1 of the following methods:

''(I) The accrued benefit shall be equal to the greater of the accrued benefit determined under the terms of the plan as in effect both before and after the amendment.

''(II) At the election of the participant, the accrued benefit shall be determined under the terms of the plan as in effect either before or after the amendment.

''(C) GREATER OF OLD OR NEW OR ELECTION OF EITHER.—The accrued benefit determined under this subparagraph is the accrued benefit determined under 1 of the following methods which is selected by the plan and which is specified in the amendment:

''(i) The accrued benefit shall be equal to the greater of the accrued benefit determined under the terms of the plan as in effect both before and after the amendment.

''(ii) At the election of the participant, the accrued benefit shall be determined under the terms of the plan as in effect either before or after the amendment.

''(D) METHOD PRESCRIBED BY SECRETARY.—The accrued benefit determined under this subparagraph shall be determined under regulations prescribed by the Secretary which are consistent with the purposes of this paragraph and which may require a plan to provide a credit of additional amounts or increases in initial account balances in amounts substantially equivalent to the benefits that would be required to be provided to meet the requirements of subparagraphs (B) or (C).

''(E) INCLUSION OF PRIOR ACCRUED BENEFIT INTO INITIAL ACCOUNT BALANCE.—

''(i) IN GENERAL.—If, for purposes of subparagraphs (B), (C), or (D), an applicable plan amendment provides that an amount will be initially credited to a participant's accumulation account (or its equivalent) on the effective date of the amendment with respect to the participant's accrued benefit for periods before such date, the requirements of such subparagraph shall be treated as met with respect to such accrued benefit if the amount initially credited is not less than the present value of the participant's accrued benefit determined by using the applicable mortality table and the lower of the applicable interest rate under section 205(g)(3)(A), or the interest rate used to credit interest under the plan, as of such date.

''(ii) ADJUSTMENTS FOR CERTAIN SUBSIDIZED BENEFITS.—For purposes of subparagraph (B), if any early retirement benefit or retirement-type subsidy (within the meaning of paragraph (6)(B)(i)) is not included in the initial account balance under clause (i), the plan shall credit the accumulation account with the amount of such benefit or subsidy for the plan year in which the participant retires if, as of such time, the participant has met the age, years of service, and other requirements under the plan for entitlement to such benefit or subsidy.

''(F) REQUIREMENTS WHERE PARTICIPANT OFFERED CHOICE.—If a plan provides a participant with an election described in subparagraph (B)(iii)(II) or (C)(ii), the following rules shall apply:

''(i) NOTICE.—The plan shall not be treated as meeting the requirements of either such subparagraph unless the plan provides the participant a notice of the right to make such election which includes information (meeting such requirements as may be prescribed by the Secretary of the Treasury)—

''(I) by which the participant may project benefits under the formulas from which the participant may choose and may model the impact of any such choice, and

''(II) with respect to circumstances under which a participant may not receive the projected accrued benefits by reason of a plan termination or otherwise.

''(ii) SIGNIFICANT REDUCTION OF RATE OF ACCRUAL.—The plan shall provide that if, during any of the first 5 plan years during which such an election is in effect, the plan adopts an amendment which results in a significant reduction in the rate of future benefit accrual (within the meaning of section 204(h)), the accrued benefit of the participant shall be determined as if the participant had made the election which resulted in the greatest accrued benefit.

''(iii) BENEFITS MUST NOT BE CONTINGENT ON ELECTION.—The plan shall not be treated as meeting the requirements of either such subparagraph if any other benefit is conditioned (directly or indirectly) on such election.

''(G) APPLICABLE PLAN AMENDMENT.—For purposes of this paragraph—

''(i) IN GENERAL.—The term 'applicable plan amendment' means an amendment to a defined benefit plan which has the effect of converting the plan to a cash balance plan.

''(ii) SPECIAL RULE FOR COORDINATED BENEFITS.—If the benefits of 2 or more defined benefit plans established or maintained by an employer are coordinated in such a manner as to have the effect of the adoption of an amendment described in clause (i), the sponsor of the defined benefit plan or plans providing for such coordination shall be treated as having adopted such a plan amendment as of the date such coordination begins.

''(iii) MULTIPLE AMENDMENTS.—The Secretary of the Treasury shall issue regulations to prevent the avoidance of the purposes of this paragraph through the use of 2 or more plan amendments rather than a single amendment.

''(iv) CASH BALANCE PLAN.—For purposes of this paragraph, the term 'cash balance plan' has the meaning given such term by subsection (b)(5)(C).

''(v) COORDINATION WITH ACCRUAL RULES.—If a plan amendment is treated as meeting the requirements of this paragraph with respect to any participant because such participant is eligible to continue to accrue benefits in the same manner as under the terms of the plan in effect before the amendment, the Secretary of the Treasury shall prescribe regulations under which the plan shall not be treated as failing to meet the requirements of subparagraph (A), (B), or (C) of section 204(b)(1) if the requirements of this paragraph are met.

''(H) APPLICATION OF CERTAIN RULES TO EARLY-RETIREMENT BENEFITS.—Rules similar to the rules of clauses (i), (ii), and (iii) of subparagraph (B) and subparagraph (C) shall apply in the case of any early retirement benefit or retirement-type subsidy (within the meaning of section 204(g)(2)(A)).''.

(2) AMENDMENT OF INTERNAL REVENUE CODE.—Section 411(d) of the Internal Revenue Code of 1986 (relating to special rules) is amended by adding at the end the following new paragraph:

''(7) TREATMENT OF CONVERSIONS TO CASH BALANCE OR OTHER HYBRID PLANS.—

''(A) IN GENERAL.—For purposes of paragraph (6), an applicable plan amendment shall be treated as reducing the accrued benefit of a participant if, under the terms of the plan as in effect after the amendment, the accrued benefit of any participant who was a participant as of the effective date of the amendment may at any time be less than the accrued benefit determined under the method under subparagraph (B), (C), or (D) which is specified in the plan and applies uniformly to all participants. An applicable plan amendment shall in no event be treated as meeting the requirements of any such subparagraph if the conversion described in subparagraph (G)(i) is into a cash balance plan other than a qualified cash balance plan (as defined in subsection (b)(5)(B)).

''(B) NO WEARAWAY.—

''(i) IN GENERAL.—The accrued benefit determined under this subparagraph is the sum of—

''(I) the participant's accrued benefit for years of service before the effective date of the amendment, determined under the terms of the plan as in effect before the amendment, plus

''(II) except as provided in clause (ii), the participant's accrued benefit for years of service after the effective date of the amendment, determined under the terms of the plan as in effect after the amendment.

A similar rule shall apply in the case of any early retirement benefit or retirement-type subsidy (within the meaning of section 411(d)(6)(B)(i)).

''(ii) REQUIRED AMOUNTS FOR CERTAIN PERIODS.—Notwithstanding clause (i)(II), the plan shall provide that either—

''(I) the accrued benefit of all participants for each of the first 5 plan years to which the amendment applies shall be equal to the greater of the accrued benefit determined under the terms of the plan as in effect both before and after the amendment, or

''(II) the accrued benefit for periods after the effective date of the amendment of all participants who, as of the effective date of the amendment, had attained the age of 40 and had a combined age and years of service under the plan of not less than 55 shall be determined under either of the methods described in clause (iii) which is selected by the plan and which is specified in the amendment.

''(iii) APPLICABLE METHOD.—For purposes of clause (ii)(II), the plan shall select 1 of the following methods:

''(I) The accrued benefit shall be equal to the greater of the accrued benefit determined under the terms of the plan as in effect both before and after the amendment.

''(II) At the election of the participant, the accrued benefit shall be determined under the terms of the plan as in effect either before or after the amendment.

''(C) GREATER OF OLD OR NEW OR ELECTION OF EITHER.—The accrued benefit determined under this subparagraph is the accrued benefit determined under 1 of the following methods which is selected by the plan and which is specified in the amendment:

''(i) The accrued benefit shall be equal to the greater of the accrued benefit determined under the terms of the plan as in effect both before and after the amendment.

''(ii) At the election of the participant, the accrued benefit shall be determined under the terms of the plan as in effect either before or after the amendment.

''(D) METHOD PRESCRIBED BY SECRETARY.—The accrued benefit determined under this subparagraph shall be determined under regulations prescribed by the Secretary which are consistent with the purposes of this paragraph and which may require a plan to provide a credit of additional amounts or increases in initial account balances in amounts substantially equivalent to the benefits that would be required to be provided to meet the requirements of subparagraphs (B) or (C).

''(E) INCLUSION OF PRIOR ACCRUED BENEFIT INTO INITIAL ACCOUNT BALANCE.—

''(i) IN GENERAL.—If, for purposes of subparagraphs (B), (C), or (D), an applicable plan amendment provides that an amount will be initially credited to a participant's accumulation account (or its equivalent) on the effective date of the amendment with respect to the participant's accrued benefit for periods before such date, the requirements of such subparagraph shall be treated as met with respect to such accrued benefit if the amount initially credited is not less than the present value of the participant's accrued benefit determined by using the applicable mortality table and the lower of the applicable interest rate under section 417(e)(3)(A), or the interest rate used to credit interest under the plan, as of such date.

''(ii) ADJUSTMENTS FOR CERTAIN SUBSIDIZED BENEFITS.—For purposes of subparagraph (B), if any early retirement benefit or retirement-type subsidy (within the meaning of paragraph (6)(B)(i)) is not included in the initial account balance under clause (i), the plan shall credit the accumulation account with the amount of such benefit or subsidy for the plan year in which the participant retires if, as of such time, the participant has met the age, years of service, and other requirements under the plan for entitlement to such benefit or subsidy.

''(F) REQUIREMENTS WHERE PARTICIPANT OFFERED CHOICE.—If a plan provides a participant with an election described in subparagraph (B)(iii)(II) or (C)(ii), the following rules shall apply:

''(i) NOTICE.—The plan shall not be treated as meeting the requirements of either such subparagraph unless the plan provides the participant a notice of the right to make such election which includes information (meeting such requirements as may be prescribed by the Secretary)—

''(I) by which the participant may project benefits under the formulas from which the participant may choose and may model the impact of any such choice, and

''(II) with respect to circumstances under which a participant may not receive the projected accrued benefits by reason of a plan termination or otherwise.

''(ii) SIGNIFICANT REDUCTION OF RATE OF ACCRUAL.—The plan shall provide that if, during any of the first 5 plan years during which such an election is in effect, the plan adopts an amendment which results in a significant reduction in the rate of future benefit accrual (within the meaning of section 4980F(e)), the accrued benefit of the participant shall be determined as if the participant had made the election which resulted in the greatest accrued benefit.

''(iii) BENEFITS MUST NOT BE CONTINGENT ON ELECTION.—The plan shall not be treated as meeting the requirements of either such subparagraph if any other benefit is conditioned (directly or indirectly) on such election.

''(G) APPLICABLE PLAN AMENDMENT.—For purposes of this paragraph—

''(i) IN GENERAL.—The term 'applicable plan amendment' means an amendment to a defined benefit plan which has the effect of converting the plan to a cash balance plan.

''(ii) SPECIAL RULE FOR COORDINATED BENEFITS.—If the benefits of 2 or more defined benefit plans established or maintained by an employer are coordinated in such a manner as to have the effect of the adoption of an amendment described in clause (i), the sponsor of the defined benefit plan or plans providing for such coordination shall be treated as having adopted such a plan amendment as of the date such coordination begins.

''(iii) MULTIPLE AMENDMENTS.—The Secretary shall issue regulations to prevent the avoidance of the purposes of this paragraph through the use of 2 or more plan amendments rather than a single amendment.

''(iv) CASH BALANCE PLAN.—For purposes of this paragraph, the term 'cash balance plan' has the meaning given such term by subsection (b)(5)(C).

''(v) COORDINATION WITH ACCRUAL AND NONDISCRIMINATION RULES.—If a plan amendment is treated as meeting the requirements of this paragraph with respect to any participant because such participant is eligible to continue to accrue benefits in the same manner as under the terms of the plan in effect before the amendment, the Secretary shall prescribe regulations under which—

''(I) the plan shall not be treated as failing to meet the requirements of subparagraph (A), (B), or (C) of section 411(b)(1) if the requirements of this paragraph are met, and

''(II) the plan shall, subject to such terms and conditions as may be provided in such regulations, not be treated as failing to meet the requirements of section 401(a)(4) merely because the plan provides any accrual or benefit which is required to be provided under subparagraph (B), (C), or (D) or because only participants as of the effective date of the amendment are so eligible, except that this subclause shall only apply if the plan met the requirements of section 401(a)(4) under the terms of the plan as in effect before the amendment.

''(H) APPLICATION OF CERTAIN RULES TO EARLY-RETIREMENT BENEFITS.—Rules similar to the rules of clauses (i), (ii), and (iii) of subparagraph (B) and subparagraph (C) shall apply in the case of any early retirement benefit or retirement-type subsidy (within the meaning of section 411(d)(6)(B)(i)).''.

(c) ASSUMPTIONS USED IN COMPUTING PRESENT VALUE OF ACCRUED BENEFIT.—

(1) AMENDMENT OF ERISA.—Section 205(g)(3) of such Act (29 U.S.C. 1055(g)(3)), is amended—

(A) by striking ''or (B)'' in subparagraph (A)(i) and inserting '', (B), or (C)'', and

(B) by adding at the end the following new subparagraph:

''(C) PRESENT VALUE OF ACCRUED BENEFIT UNDER CASH BALANCE PLAN.—Except as provided in regulations, in the case of a qualified cash balance plan (as defined in section 204(g)(6)(B)), the present value of the accrued benefit of any participant shall, for purposes of paragraphs (1) and (2), be equal to the balance in the participant's accumulation account (or its equivalent) as of the time the present value determination is being made.''.

(2) AMENDMENT OF INTERNAL REVENUE CODE.—Section 417(e)(3) of such Code, is amended—

(A) by striking ''or (B)'' in subparagraph (A)(i) and inserting '', (B), or (C)'', and

(B) by adding at the end the following new subparagraph:

''(C) PRESENT VALUE OF ACCRUED BENEFIT UNDER CASH BALANCE PLAN.—Except as provided in regulations, in the case of a qualified cash balance plan (as defined in section 411(d)(7)(B)), the present value of the accrued benefit of any participant shall, for purposes of paragraphs (1) and (2), be equal to the balance in the participant's accumulation account (or its equivalent) as of the time the present value determination is being made.''

(d) NO INFERENCE.—Nothing in the amendments made by this section shall be construed to infer the proper treatment of cash balance plans or conversions to cash balance plans under sections 204(b)(1)(H) of the Employee Retirement Income Security Act of 1974, 4(i)(1) of the Age Discrimination in Employment Act of 1967, and 411(b)(1)(H) of the Internal Revenue Code of 1986, as in effect before such amendments.

Mr. GEORGE MILLER of California (during the reading). Mr. Speaker, I ask unanimous consent that the motion to recommit be considered as read and printed in the RECORD.

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

Mr. THOMAS. Mr. Speaker, reserving the right to object, I know some people complained about having only a number of hours to read the bill, but this was just handed to me, and I am tempted to say that perhaps 30 seconds ought to be allowed, because it could have been handed anytime during the debate. But I know you were very busy over there, so you were only able to get it to us at the close of debate. We appreciate that.

Mr. Speaker, I withdraw my reservation of objection.

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

There was no objection.

The SPEAKER pro tempore. The gentleman is recognized for 5 minutes.

Mr. GEORGE MILLER of California. Mr. Speaker, this motion does two things. First, it sends the pension bill back to committee to include all of the airline protection provisions that were included in the Senate-passed pension bill. Second, it seeks to send back to the committee to add the Senate-passed provisions providing for the transition protections for older workers affected by cash balance conversions.

Both of these are critical to protecting America's workers' pensions and their retirement security. All across America, employees are worried sick about their retirement nest egg. They have seen big airlines like U.S. Air and United cut and run on their obligations to pay promised benefits and are wondering if they are next.

The House bill protects Delta and Northwest and enables them to extend their pension payments over 17 years at the plan's interest rate. However, the bill only provides American and Continental a 10-year payment and at a much lower interest rate, making their pension payments much higher. We would extend the same period of time, work-out time, for the airlines if they chose to provide for the freezing of their plans.

The bill does nothing for airline pilots who are forced to retire at age 60 and who received PBGC pensions reduced by 35 percent because of their age. All airlines were hurt by 9/11 and the skyrocketing fuel prices and the downturn in the economy.

It would be devastating to hundreds of thousands of workers across the Nation if more airlines were permitted to dump their plans into the PBGC. When this happens, the big losers are the employees. Look at what happened to the pilots at United, for example. They had vested pension benefits cut in half. The average pilot lost $1,270 a month. That is why we offer these protections.

Finally, the motion would report back this pension bill to provide for the

protection of older workers who are facing conversions in cash balance plans. This means the older workers who the companies are now putting on notice that they will lower their benefits will now get a substitute plan called a cash balance plan.

Despite overwhelming votes in support of protecting older workers' pensions in the House and Senate, Republican leadership has excluded these vital transition protections. Many workers will lose hundreds of dollars a month in expected retirement benefits. Many of these workers will be in excess of 50 years of age, and it is highly unlikely they will be able to recover the retirement benefits that they have been counting on for many years, that they signed a contract for in exchange for their labor with their employers.

Today, the Congress is getting ready to tell them they are not going to make the employers live up to their agreements, and we are not going to even provide a transition to soften the economic blow when those agreements are changed.

Here is what AARP CEO William Novelli said about the backroom Republican deal for older workers: ''AARP cannot support legislation that would undermine the age discrimination laws and prevent the reduction of pension benefits for older workers, thus discouraging older workers from continuing to participate in the workforce,'' unless they get a second job to make up for the loss of their retirement, of course. ''Our members and older workers in general care a great detail about these issues.'' That is why we brought this motion to recommit.

Again, time and again the House and Senate have voted to provide these protections for older workers. We would have carried that message to the conference committee, but we were not allowed into those discussions and apparently the conference committee couldn't hear the Members of this House on the bipartisan basis that voted overwhelmingly to provide these protections, both to the airlines and to the older workers.

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

Mr. THOMAS. Mr. Speaker, I rise in opposition to the motion to recommit.

The SPEAKER pro tempore. The gentleman is recognized for 5 minutes.

Mr. THOMAS. Mr. Speaker, I have in high regard those Members who focus on issues which they are concerned about in the pension bill, and I know that there are a number of sections that people could focus on in terms of their concern about the bill. And I know it is absolutely, totally a coincidence that one Member on this side of the aisle spoke against the bill.

Yet, as I am going through this particular motion to recommit, page after page after page refers to, you got it, the airline provisions. So I am quite sure on the basis of wanting to go through a 1,000-page bill to create a motion to recommit, that the fact that the one area that appears to be a bit sensitive on this side of the aisle is what the motion to recommit is all about.

I guess in that regard I hold in minimum high regard, on something as important as this legislation, to get it on the books as quickly as we can, that this motion to recommit is focused in a way, in my opinion, to advance political interests rather than policy interests.

I guess I am just a little bit bewildered when the gentleman from Ohio, the majority leader, handed me a letter, because as a conferee I received a letter that said we want you in the areas of key concern to be supportive of what we do in this pension bill.

There were two signatures on that letter. One was the majority leader, the gentleman from Ohio. The other one was the senior Senator from Massachusetts, Senator KENNEDY, urging us to make sure key provisions in the pension bill are preserved, because we want to preserve those, and not the whole bill, or in fact send the Senate the whole bill because Senator KENNEDY will be supportive of this bill once it is received in the Senate.

The idea that members of the conference don't know what is in it and aren't supportive is absolutely and totally refuted by the signature of the senior Senator from Massachusetts, Senator KENNEDY.

Mr. Speaker, I yield to the majority leader, the gentleman from Ohio (Mr. BOEHNER).

Mr. BOEHNER. Mr. Speaker, let me thank my colleague for yielding.

There is a very delicate balance in this bill. My colleague from California talked about the airline provisions. I am going to talk about one of the most important provisions in this bill, and that is the protection for hybrid plans, or cash balance pension plans.

This was a very difficult issue in the House; it was a very difficult issue in the conference. It has been worked out in a bipartisan way to the satisfaction of those on the farthest on the left in the Senate and the farthest on the right in the House. And to rewrite this provision in a motion to recommit I think is irresponsible.

I would say to my colleagues who have worked on this bipartisan pension bill for a long time, the balance of this bill is right. Let's support the underlying bill and reject the motion to recommit.

Mrs. JACKSON-LEE of Texas. Mr. Speaker, I rise in support of the Miller/Rangel Motion to Recommit with Instructions to Conferees on H.R. 4, the ''Pension Protection Act of 2005.'' I support the Miller/Rangel motion for several reasons. Specifically, I agree that conferees should be instructed to agree to the Senate provisions: (1) protecting older workers' benefits in cash balance conversions; (2) ensuring that airline pilots do not see unfair cuts to their PBGC benefits because of the FAA's mandatory retirement rules and agree to the Senate provisions on airlines; (3) designed to prevent pension plan dumping; (4) on executive compensation and work to treat worker and executive pensions equally.

AGREE TO THE SENATE PROVISIONS PROTECTING OLDER WORKERS' BENEFITS IN CASH BALANCE CONVERSIONS

These provisions prohibit discrimination against older workers by the practice of offsetting previously earned pension benefits against new benefits under the plan, also known as ''wearaway'' of older worker benefits. They also provide fair rules to protect workers' pensions in conversions of traditional pension plans to cash balance pension plans. In a recent study, the GAG found that, without these transition protections, almost all workers could lose up to 50 percent of their expected pension benefits in a cash balance conversion.

AGREE TO THE SENATE PROVISIONS THAT ENSURE THAT AIRLINE PILOTS DO NOT SEE UNFAIR CUTS TO THEIR PBGC BENEFITS BECAUSE OF THE FAA'S MANDATORY RETIREMENT RULES

Under FAA rules, airline pilots are required to retire at age 60, and if they retire earlier than age 60, they cannot go back to work once they hit age 60. When a pilot pension plan is terminated and sent to the PBGC, the PBGC considers age 65 to be the normal retirement age, treats age 60 as an early retirement, and cuts pilots guaranteed benefits as a result. These provisions would require the PBGC to treat age 60 as the normal retirement age for pilots and adjust their guaranteed benefits accordingly. The motion would limit this treatment to those pension plans which were terminated after September 11, 2001. It could come no sooner. United Airlines pilots are seeing their pensions cut by tens of thousands of dollars each year under the PBGC rules. Their retirement nest eggs have been decimated. They are hit twice—once by the company's unfair dumping and again by the PBGC's benefit reductions.

AGREE TO THE SENATE PROVISIONS ON AIRLINES

The airlines have been hurt by skyrocketing fuel prices and 9/11. It would be devastating to hundreds of thousands of workers across the nation if more airlines are permitted to dump their plans into the PBGC. These provisions give airlines the ability to keep their plans going by stretching out payments over 20 years instead of 7 years.

AGREE TO THE SENATE PROVISIONS DESIGNED TO PREVENT PENSION PLAN DUMPING

These provisions allow the PBGC and Treasury Secretary to enter into an alternative funding agreement with an employer if its pension plan is in danger of being terminated. If workers and retirees are facing the destruction of their pension plans, Congress should give the PBGC and Treasury Departments the flexibility to work out alternatives to termination. If such alternatives to simply dumping a plan were available during the United Airlines crisis, the largest pension termination in history might have been averted.

AGREE TO THE SENATE PROVISIONS ON EXECUTIVE COMPENSATION AND WORK TO TREAT WORKER AND EXECUTIVE PENSIONS EQUALLY

Under the House bill, workers see benefit restrictions when a pension plan falls below 80 percent funding. Executives, on the other hand, only see limited benefit restrictions much later—at less than 60 percent funding. The Senate bill achieves greater parity than the House bill in how workers and executives are treated. Over the last several years, we have seen repeated cases where executives have protected or even enhanced their own

golden parachutes, while cutting or eliminating workers' pensions. It is time for these unfair practices to end. If it is good enough for the sailor, it is good enough for the captain.

CONCLUSION

For these reasons, I support the Motion to Recommit with Instructions on H.R. 4 and urge my colleagues to support it also.

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

The SPEAKER pro tempore. Without objection, the previous question is ordered on the motion to recommit.

There was no objection.

The SPEAKER pro tempore. The question is on the motion to recommit.

The question was taken; and the Speaker pro tempore announced that the noes appeared to have it.

Mr. GEORGE MILLER of California. Mr. Speaker, on that I demand the yeas and nays.

The yeas and nays were ordered.

The SPEAKER pro tempore. Pursuant to clause 8 and clause 9 of rule XX, this 15-minute vote on the motion to recommit will be followed by 5-minute votes on passage of H.R. 4, if ordered, and suspending the rules on H. Res. 844.

The vote was taken by electronic device, and there were—yeas 189, nays 222, not voting 22, as follows:

[Roll No. 421]

YEAS—189

Abercrombie
Ackerman
Allen
Andrews
Baird
Baldwin
Barrow
Bean
Becerra
Berkley
Berman
Berry
Bishop (NY)
Blumenauer
Boren
Boswell
Boucher
Boyd
Brady (PA)
Brown (OH)
Brown, Corrine
Butterfield
Capps
Capuano
Cardin
Cardoza
Carnahan
Case
Chandler
Clay
Cleaver
Clyburn
Conyers
Cooper
Costa
Costello
Cramer
Crowley
Cuellar
Cummings
Davis (AL)
Davis (CA)
Davis (FL)
Davis (IL)
Davis (TN)
DeFazio
DeGette
Delahunt
DeLauro
Dicks
Doggett
Doyle
Edwards
Emanuel
Engel
Eshoo
Etheridge
Farr
Fattah
Filner
Ford
Frank (MA)
Gonzalez
Green, Al
Green, Gene
Grijalva
Gutierrez
Harman
Hastings (FL)
Herseth
Higgins
Hinchey
Hinojosa
Holden
Holt
Honda
Hooley
Hoyer
Inslee
Israel
Jackson (IL)
Jackson-Lee (TX)
Jefferson
Johnson, E. B.
Jones (OH)
Kanjorski
Kaptur
Kennedy (RI)
Kildee
Kilpatrick (MI)
Kind
Kucinich
Langevin
Lantos
Larsen (WA)
Larson (CT)
Lee
Levin
Lipinski
Lofgren, Zoe
Lowey
Lynch
Maloney
Markey
Marshall
Matheson
Matsui
McCarthy
McCollum (MN)
McDermott
McGovern
McIntyre
McNulty
Meek (FL)
Meeks (NY)
Melancon
Michaud
Millender-McDonald
Miller (NC)
Miller, George
Mollohan
Moore (KS)
Moore (WI)
Moran (VA)
Murtha
Nadler
Napolitano
Neal (MA)
Obey
Olver
Ortiz
Owens
Pallone
Pascrell
Pastor
Paul
Pelosi
Peterson (MN)
Pomeroy
Price (NC)
Rahall
Rangel
Reyes
Ross
Rothman
Roybal-Allard
Ruppersberger
Rush
Ryan (OH)
Sabo
Sánchez, Linda T.
Sanchez, Loretta
Sanders
Schakowsky
Schiff
Schwartz (PA)
Scott (VA)
Serrano
Sherman
Skelton
Slaughter
Smith (WA)
Snyder
Solis
Spratt
Strickland
Stupak
Tanner
Tauscher
Taylor (MS)
Thompson (CA)
Thompson (MS)
Tierney
Towns
Udall (CO)
Udall (NM)
Van Hollen
Velázquez
Visclosky
Wasserman Schultz
Waters
Watson
Watt
Waxman
Weiner
Wexler
Woolsey
Wu
Wynn

NAYS—222

Aderholt
Akin
Alexander
Bachus
Baker
Barrett (SC)
Bartlett (MD)
Barton (TX)
Bass
Beauprez
Biggert
Bilbray
Bishop (GA)
Bishop (UT)
Blackburn
Blunt
Boehner
Bonilla
Bonner
Bono
Boozman
Boustany
Bradley (NH)
Brady (TX)
Brown (SC)
Brown-Waite, Ginny
Burgess
Burton (IN)
Calvert
Camp (MI)
Campbell (CA)
Cannon
Cantor
Capito
Carter
Castle
Chabot
Chocola
Cole (OK)
Conaway
Crenshaw
Cubin
Culberson
Davis (KY)
Davis, Tom
Dent
Diaz-Balart, L.
Diaz-Balart, M.
Dingell
Doolittle
Drake
Dreier
Duncan
Ehlers
Emerson
English (PA)
Everett
Feeney
Ferguson
Fitzpatrick (PA)
Flake
Foley
Forbes
Fortenberry
Fossella
Foxx
Franks (AZ)
Frelinghuysen
Gallegly
Garrett (NJ)
Gerlach
Gibbons
Gilchrest
Gillmor
Gingrey
Goode
Goodlatte
Granger
Graves
Green (WI)
Gutknecht
Hall
Harris
Hart
Hastert
Hastings (WA)
Hayes
Hayworth
Hefley
Hensarling
Herger
Hobson
Hoekstra
Hostettler
Hulshof
Hunter
Hyde
Inglis (SC)
Issa
Jenkins
Jindal
Johnson (CT)
Johnson (IL)
Johnson, Sam
Keller
Kelly
Kennedy (MN)
King (IA)
King (NY)
Kingston
Kirk
Kline
Knollenberg
Kolbe
Kuhl (NY)
LaHood
Latham
LaTourette
Leach
Lewis (CA)
Lewis (KY)
LoBiondo
Lucas
Lungren, Daniel E.
Mack
Manzullo
Marchant
McCaul (TX)
McCotter
McCrery
McHenry
McHugh
McKeon
McMorris
Mica
Miller (FL)
Miller (MI)
Miller, Gary
Moran (KS)
Murphy
Musgrave
Myrick
Neugebauer
Ney
Norwood
Nunes
Nussle
Oberstar
Osborne
Otter
Pearce
Pence
Peterson (PA)
Petri
Pickering
Pitts
Platts
Poe
Pombo
Porter
Price (GA)
Pryce (OH)
Putnam
Radanovich
Ramstad
Regula
Rehberg
Reichert
Renzi
Reynolds
Rogers (AL)
Rogers (KY)
Rogers (MI)
Rohrabacher
Ros-Lehtinen
Royce
Ryan (WI)
Ryun (KS)
Saxton
Schmidt
Schwarz (MI)
Scott (GA)
Sensenbrenner
Sessions
Shadegg
Shaw
Shays
Sherwood
Shimkus
Shuster
Simmons
Simpson
Smith (NJ)
Smith (TX)
Sodrel
Souder
Stearns
Sullivan
Sweeney
Tancredo
Taylor (NC)
Terry
Thomas
Thornberry
Tiahrt
Tiberi
Turner
Upton
Walden (OR)
Walsh
Wamp
Weldon (FL)
Weldon (PA)
Weller
Westmoreland
Whitfield
Wicker
Wilson (NM)
Wilson (SC)
Wolf
Young (AK)
Young (FL)

NOT VOTING—22

Baca
Bilirakis
Boehlert
Buyer
Carson
Coble
Davis, Jo Ann
Deal (GA)
Evans
Gohmert
Gordon
Istook
Jones (NC)
Lewis (GA)
Linder
McKinney
Meehan
Northup
Oxley
Payne
Salazar
Stark

□ 2327

Messrs. SAXTON, TAYLOR of North Carolina, DINGELL, FOLEY, BISHOP of Georgia, and Miss MCMORRIS changed their vote from ''yea'' to ''nay.''

Messrs. GENE GREEN of Texas, EMANUEL, WEXLER, CLEAVER, BROWN of Ohio, and HOYER changed their vote from ''nay'' to ''yea.''

So the motion to instruct was rejected.

The result of the vote was announced as above recorded.

The SPEAKER pro tempore. The question is on the passage of the bill.

The question was taken; and the Speaker pro tempore announced that the ayes appeared to have it.

RECORDED VOTE

Mr. RANGEL. Mr. Speaker, I demand a recorded vote.

A recorded vote was ordered.

The SPEAKER pro tempore. This will be a 5-minute vote.

The vote was taken by electronic device, and there were—ayes 279, noes 131, answered ''present'' 1, not voting 22, as follows:

[Roll No. 422]

AYES—279

Ackerman
Aderholt
Akin
Alexander
Bachus
Baker
Barrett (SC)
Barrow
Bartlett (MD)
Bass
Bean
Beauprez
Berry
Biggert
Bilbray
Bishop (GA)
Bishop (UT)
Blackburn
Blumenauer
Blunt
Boehner
Bonner
Bono
Boozman
Boren
Boswell
Boucher
Boustany
Boyd
Bradley (NH)
Brown (SC)
Brown-Waite, Ginny
Burton (IN)
Butterfield
Calvert
Camp (MI)
Campbell (CA)
Cannon
Cantor
Capito
Cardoza
Case
Castle
Chabot
Chandler
Chocola
Clay
Cleaver
Clyburn
Cole (OK)
Conyers
Cooper
Costa
Cramer
Crenshaw
Crowley
Cubin
Cuellar
Davis (AL)
Davis (KY)
Davis (TN)
Davis, Tom
DeFazio
Delahunt
Dent
Diaz-Balart, L.
Diaz-Balart, M.
Dicks
Dingell
Doolittle
Drake
Dreier
Duncan
Ehlers
Emanuel
Emerson
Engel
English (PA)
Everett
Feeney
Ferguson
Fitzpatrick (PA)
Foley
Forbes
Ford
Fortenberry
Fossella
Foxx
Franks (AZ)
Frelinghuysen
Gallegly
Garrett (NJ)
Gerlach
Gibbons
Gilchrest
Gillmor
Gingrey
Goode
Goodlatte
Granger
Graves
Green (WI)
Gutknecht
Harman
Harris
Hart
Hastert
Hastings (WA)
Hayes
Hayworth
Hefley
Herger
Herseth
Higgins
Hobson
Hoekstra
Hooley
Hostettler
Hulshof
Hunter
Hyde
Inglis (SC)
Israel
Issa
Jefferson
Jenkins
Jindal
Johnson (CT)
Johnson (IL)
Kaptur
Keller
Kelly
Kennedy (MN)
Kildee
Kilpatrick (MI)
Kind
King (IA)
King (NY)
Kingston
Kirk
Kline
Knollenberg
Kolbe
Kuhl (NY)
LaHood
Latham
LaTourette
Leach
Levin
Lewis (CA)
Lewis (KY)
Lipinski
LoBiondo
Lucas
Lungren, Daniel E.
Lynch
Mack
Manzullo
Marchant
Marshall
Matheson
Matsui
McCarthy
McCollum (MN)
McCotter
McCrery
McHenry
McHugh
McIntyre
McKeon
McMorris
Meek (FL)

Meeks (NY)
Melancon
Mica
Miller (FL)
Miller (MI)
Miller, Gary
Moore (KS)
Moran (KS)
Murphy
Musgrave
Myrick
Ney
Norwood
Nunes
Nussle
Oberstar
Osborne
Otter
Pearce
Pence
Peterson (MN)
Peterson (PA)
Petri
Pickering
Pitts
Platts
Pombo
Porter
Price (GA)
Pryce (OH)
Putnam
Radanovich
Rahall
Ramstad
Regula
Rehberg
Reichert
Renzi
Reynolds
Rogers (AL)
Rogers (KY)
Rogers (MI)
Rohrabacher
Ros-Lehtinen
Ross
Rothman
Royce
Ruppersberger
Rush
Ryan (WI)
Ryun (KS)
Sabo
Saxton
Schmidt
Schwarz (MI)
Scott (GA)
Sensenbrenner
Sessions
Shadegg
Shaw
Shays
Sherwood
Shimkus
Shuster
Simmons
Simpson
Skelton
Smith (NJ)
Smith (TX)
Sodrel
Souder
Stearns
Strickland
Stupak
Sullivan
Sweeney
Tancredo
Tanner
Tauscher
Taylor (NC)
Terry
Thomas
Thompson (CA)
Thompson (MS)
Tiahrt
Tiberi
Towns
Turner
Udall (CO)
Upton
Velázquez
Walden (OR)
Walsh
Wamp
Weldon (FL)
Weldon (PA)
Weller
Westmoreland
Whitfield
Wicker
Wilson (NM)
Wilson (SC)
Wolf
Wu
Wynn
Young (AK)
Young (FL)

NOES—131

Abercrombie
Allen
Andrews
Baldwin
Barton (TX)
Becerra
Berkley
Berman
Bishop (NY)
Bonilla
Brady (PA)
Brady (TX)
Brown (OH)
Brown, Corrine
Burgess
Capps
Capuano
Cardin
Carnahan
Carter
Conaway
Costello
Culberson
Cummings
Davis (CA)
Davis (FL)
Davis (IL)
DeGette
DeLauro
Doggett
Doyle
Edwards
Eshoo
Etheridge
Farr
Fattah
Filner
Flake
Frank (MA)
Gonzalez
Green, Al
Green, Gene
Grijalva
Gutierrez
Hall
Hastings (FL)
Hensarling
Hinchey
Hinojosa
Holden
Holt
Honda
Hoyer
Inslee
Jackson (IL)
Jackson-Lee (TX)
Johnson, E. B.
Johnson, Sam
Jones (OH)
Kanjorski
Kennedy (RI)
Kucinich
Langevin
Lantos
Larsen (WA)
Larson (CT)
Lee
Lofgren, Zoe
Lowey
Maloney
Markey
McCaul (TX)
McDermott
McGovern
McNulty
Michaud
Millender-McDonald
Miller (NC)
Miller, George
Mollohan
Moore (WI)
Moran (VA)
Murtha
Nadler
Napolitano
Neal (MA)
Neugebauer
Obey
Olver
Ortiz
Owens
Pallone
Pascrell
Pastor
Paul
Pelosi
Poe
Pomeroy
Price (NC)
Rangel
Reyes
Roybal-Allard
Ryan (OH)
Sánchez, Linda T.
Sanchez, Loretta
Sanders
Schakowsky
Schiff
Schwartz (PA)
Scott (VA)
Serrano
Sherman
Slaughter
Smith (WA)
Snyder
Solis
Spratt
Taylor (MS)
Thornberry
Tierney
Udall (NM)
Van Hollen
Visclosky
Wasserman Schultz
Waters
Watson
Watt
Waxman
Weiner
Wexler
Woolsey

ANSWERED ''PRESENT''—1

Baird

NOT VOTING—22

Baca
Bilirakis
Boehlert
Buyer
Carson
Coble
Davis, Jo Ann
Deal (GA)
Evans
Gohmert
Gordon
Istook
Jones (NC)
Lewis (GA)
Linder
McKinney
Meehan
Northup
Oxley
Payne
Salazar
Stark

ANNOUNCEMENT BY THE SPEAKER PRO TEMPORE

The SPEAKER pro tempore (during the vote). Members are advised there are 2 minutes remaining in this vote.

□ 2334

Mr. HALL changed his vote from ''aye'' to ''no.''

So the bill was passed.

The result of the vote was announced as above recorded.

A motion to reconsider was laid on the table.

PERSONAL EXPLANATION

Ms. GRANGER. Mr. Speaker, on rollcall No. 422, passage of H.R. 4, the Pension Protection Act, I inadvertently pressed the ''aye'' button. I meant to vote ''no'' and would like the RECORD to reflect that.

CONGRATULATING THE INTERNATIONAL AIDS VACCINE INITIATIVE

The SPEAKER pro tempore. The unfinished business is the question of suspending the rules and agreeing to the resolution, H. Res. 844, as amended.

The Clerk read the title of the resolution.

The SPEAKER pro tempore. The question is on the motion offered by the gentlewoman from Florida (Ms. ROS-LEHTINEN) that the House suspend the rules and agree to the resolution, H. Res. 844, as amended, on which the yeas and nays are ordered.

This will be a 5-minute vote.

The vote was taken by electronic device, and there were—yeas 407, nays 0, not voting 25, as follows:

[Roll No. 423]

YEAS—407

Abercrombie
Ackerman
Aderholt
Akin
Alexander
Allen
Andrews
Bachus
Baird
Baker
Baldwin
Barrett (SC)
Barrow
Bartlett (MD)
Barton (TX)
Bass
Bean
Beauprez
Becerra
Berkley
Berman
Berry
Biggert
Bilbray
Bishop (GA)
Bishop (NY)
Bishop (UT)
Blackburn
Blumenauer
Blunt
Boehner
Bonilla
Bonner
Bono
Boozman
Boren
Boswell
Boucher
Boustany
Boyd
Bradley (NH)
Brady (PA)
Brady (TX)
Brown (OH)
Brown (SC)
Brown, Corrine
Brown-Waite, Ginny
Burgess
Burton (IN)
Butterfield
Calvert
Camp (MI)
Campbell (CA)
Cannon
Cantor
Capito
Capps
Capuano
Cardin
Cardoza
Carnahan
Carter
Case
Castle
Chabot
Chandler
Chocola
Cleaver
Clyburn
Cole (OK)
Conaway
Conyers
Cooper
Costa
Costello
Cramer
Crenshaw
Crowley
Cubin
Cuellar
Culberson
Cummings
Davis (AL)
Davis (CA)
Davis (FL)
Davis (IL)
Davis (KY)
Davis (TN)
Davis, Tom
DeFazio
DeGette
Delahunt
DeLauro
Dent
Diaz-Balart, L.
Diaz-Balart, M.
Dicks
Dingell
Doggett
Doolittle
Doyle
Drake
Dreier
Duncan
Edwards
Ehlers
Emanuel
Emerson
Engel
English (PA)
Eshoo
Etheridge
Everett
Farr
Fattah
Feeney
Ferguson
Filner
Fitzpatrick (PA)
Flake
Foley
Forbes
Ford
Fortenberry
Fossella
Foxx
Frank (MA)
Franks (AZ)
Frelinghuysen
Gallegly
Garrett (NJ)
Gerlach
Gibbons
Gilchrest
Gillmor
Gingrey
Gonzalez
Goode
Goodlatte
Granger
Graves
Green (WI)
Green, Al
Green, Gene
Grijalva
Gutierrez
Gutknecht
Hall
Harman
Harris
Hart
Hastings (FL)
Hastings (WA)
Hayes
Hayworth
Hefley
Hensarling
Herger
Herseth
Higgins
Hinchey
Hinojosa
Hobson
Hoekstra
Holden
Holt
Honda
Hooley
Hostettler
Hoyer
Hulshof
Hunter
Hyde
Inglis (SC)
Inslee
Israel
Issa
Jackson (IL)
Jackson-Lee (TX)
Jefferson
Jenkins
Jindal
Johnson (CT)
Johnson (IL)
Johnson, E. B.
Johnson, Sam
Jones (OH)
Kanjorski
Kaptur
Keller
Kelly
Kennedy (MN)
Kennedy (RI)
Kildee
Kilpatrick (MI)
Kind
King (IA)
King (NY)
Kingston
Kirk
Kline
Knollenberg
Kolbe
Kucinich
Kuhl (NY)
LaHood
Langevin
Lantos
Larsen (WA)
Larson (CT)
Latham
LaTourette
Leach
Lee
Levin
Lewis (CA)
Lewis (KY)
Lipinski
LoBiondo
Lofgren, Zoe
Lowey
Lucas
Lungren, Daniel E.
Lynch
Mack
Maloney
Manzullo
Markey
Marshall
Matheson
Matsui
McCarthy
McCaul (TX)
McCollum (MN)
McCotter
McCrery
McDermott
McGovern
McHenry
McHugh
McIntyre
McKeon
McMorris
McNulty
Meek (FL)
Meeks (NY)
Melancon
Mica
Michaud
Millender-McDonald
Miller (FL)
Miller (MI)
Miller (NC)
Miller, Gary
Miller, George
Mollohan
Moore (KS)
Moore (WI)
Moran (KS)
Moran (VA)
Murphy
Murtha
Musgrave
Myrick
Nadler
Napolitano
Neal (MA)
Neugebauer
Ney
Norwood
Nunes
Nussle
Oberstar
Obey
Olver
Ortiz
Osborne
Otter
Owens
Pallone
Pascrell
Pastor
Paul
Pearce
Pelosi
Pence
Peterson (MN)
Peterson (PA)
Petri
Pickering
Pitts
Platts
Poe
Pombo
Pomeroy
Porter
Price (GA)
Price (NC)
Pryce (OH)
Putnam
Radanovich
Rahall
Ramstad
Rangel
Regula
Rehberg
Reichert
Renzi
Reyes
Reynolds
Rogers (AL)
Rogers (KY)
Rogers (MI)
Rohrabacher
Ros-Lehtinen
Ross
Rothman
Roybal-Allard
Royce
Ruppersberger
Rush
Ryan (OH)
Ryan (WI)
Ryun (KS)
Sabo
Sánchez, Linda T.
Sanchez, Loretta
Sanders
Saxton
Schakowsky
Schiff
Schmidt
Schwartz (PA)
Schwarz (MI)
Scott (GA)
Scott (VA)
Sensenbrenner
Serrano
Sessions
Shadegg
Shaw
Shays
Sherman
Sherwood
Shimkus
Shuster
Simmons
Simpson
Skelton
Slaughter
Smith (NJ)
Smith (TX)
Smith (WA)
Snyder
Sodrel
Souder
Spratt
Stearns
Strickland
Stupak
Sullivan
Sweeney
Tancredo
Tanner
Tauscher
Taylor (MS)
Taylor (NC)
Terry
Thomas
Thompson (CA)
Thompson (MS)
Thornberry
Tiahrt
Tiberi
Tierney
Towns
Turner
Udall (CO)
Udall (NM)
Upton
Van Hollen
Velázquez
Visclosky
Walden (OR)
Walsh
Wamp
Wasserman Schultz
Waters
Watson
Watt
Waxman
Weiner
Weldon (FL)
Weldon (PA)
Weller
Westmoreland
Wexler
Whitfield
Wicker
Wilson (NM)
Wilson (SC)
Wolf
Woolsey
Wu
Wynn
Young (AK)
Young (FL)

NOT VOTING—25

Baca	Evans	Meehan
Bilirakis	Gohmert	Northup
Boehlert	Gordon	Oxley
Buyer	Istook	Payne
Carson	Jones (NC)	Salazar
Clay	Lewis (GA)	Solis
Coble	Linder	Stark
Davis, Jo Ann	Marchant	
Deal (GA)	McKinney	

ANNOUNCEMENT BY THE SPEAKER PRO TEMPORE

The SPEAKER pro tempore (during the vote). Members are advised there are 2 minutes remaining in this vote.

□ 2341

So (two-thirds of those voting having responded in the affirmative) the rules were suspended and the resolution, as amended, was agreed to.

The result of the vote was announced as above recorded.

A motion to reconsider was laid on the table.

GENERAL LEAVE

Mr. THOMAS. Mr. Speaker, I ask unanimous consent that all Members have 5 legislative days in which to revise and extend their remarks and include extraneous material on the subject of the bill just passed.

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

There was no objection.

ESTATE TAX AND EXTENSION OF TAX RELIEF ACT OF 2006

Mr. THOMAS. Mr. Speaker, pursuant to House Resolution 966, I call up the bill (H.R. 5970) to amend the Internal Revenue Code of 1986 to increase the unified credit against the estate tax to an exclusion equivalent of $5,000,000, to repeal the sunset provision for the estate and generation-skipping taxes, and to extend expiring provisions, and for other purposes, and ask for its immediate consideration.

The Clerk read the title of the bill.

The text of H.R. 5970 is as follows:

H.R. 5970

Be it enacted by the Senate and House of Representatives of the United States of America in Congress assembled,

SECTION 1. SHORT TITLE, ETC.

(a) SHORT TITLE.—This Act may be cited as the ''Estate Tax and Extension of Tax Relief Act of 2006''.

(b) REFERENCE.—Except as otherwise expressly provided, whenever in this Act an amendment or repeal is expressed in terms of an amendment to, or repeal of, a section or other provision, the reference shall be considered to be made to a section or other provision of the Internal Revenue Code of 1986

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

Sec. 1. Short title, etc.

TITLE I—REFORM AND EXTENSION OF ESTATE TAX AFTER 2009

Sec. 101. Reform and extension of estate tax after 2009.
Sec. 102. Unified credit increased by unused unified credit of deceased spouse.

TITLE II—EXTENSION AND EXPANSION OF CERTAIN TAX RELIEF PROVISIONS

Subtitle A—Extension and Modification of Certain Provisions

Sec. 201. Deduction for qualified tuition and related expenses.
Sec. 202. Extension and modification of new markets tax credit.
Sec. 203. Election to deduct State and local general sales taxes.
Sec. 204. Extension and modification of research credit.
Sec. 205. Work opportunity tax credit and welfare-to-work credit.
Sec. 206. Election to include combat pay as earned income for purposes of earned income credit.
Sec. 207. Extension and modification of qualified zone academy bonds.
Sec. 208. Above-the-line deduction for certain expenses of elementary and secondary school teachers.
Sec. 209. Extension and expansion of expensing of brownfields remediation costs.
Sec. 210. Tax incentives for investment in the District of Columbia.
Sec. 211. Indian employment tax credit.
Sec. 212. Accelerated depreciation for business property on Indian reservations.
Sec. 213. Fifteen-year straight-line cost recovery for qualified leasehold improvements and qualified restaurant property.
Sec. 214. Cover over of tax on distilled spirits.
Sec. 215. Parity in application of certain limits to mental health benefits.
Sec. 216. Corporate donations of scientific property used for research and of computer technology and equipment.
Sec. 217. Availability of medical savings accounts.
Sec. 218. Taxable income limit on percentage depletion for oil and natural gas produced from marginal properties.
Sec. 219. American Samoa economic development credit.
Sec. 220. Restructuring of New York Liberty Zone tax credits.
Sec. 221. Extension of bonus depreciation for certain qualified Gulf Opportunity Zone property.
Sec. 222. Authority for undercover operations.
Sec. 223. Disclosures of certain tax return information.

Subtitle B—Other Provisions

Sec. 231. Deduction allowable with respect to income attributable to domestic production activities in Puerto Rico.
Sec. 232. Credit for prior year minimum tax liability made refundable after period of years.
Sec. 233. Returns required in connection with certain options.
Sec. 234. Partial expensing for advanced mine safety equipment.
Sec. 235. Mine rescue team training tax credit.
Sec. 236. Whistleblower reforms.
Sec. 237. Frivolous tax submissions.
Sec. 238. Addition of meningococcal and human papillomavirus vaccines to list of taxable vaccines.
Sec. 239. Clarification of taxation of certain settlement funds made permanent.
Sec. 240. Modification of active business definition under section 355 made permanent.
Sec. 241. Revision of State veterans limit made permanent.
Sec. 242. Capital gains treatment for certain self-created musical works made permanent.
Sec. 243. Reduction in minimum vessel tonnage which qualifies for tonnage tax made permanent.
Sec. 244. Modification of special arbitrage rule for certain funds made permanent.
Sec. 245. Great Lakes domestic shipping to not disqualify vessel from tonnage tax.
Sec. 246. Use of qualified mortgage bonds to finance residences for veterans without regard to first-time homebuyer requirement.
Sec. 247. Exclusion of gain from sale of a principal residence by certain employees of the intelligence community.
Sec. 248. Treatment of coke and coke gas.
Sec. 249. Sale of property by judicial officers.
Sec. 250. Premiums for mortgage insurance.
Sec. 251. Modification of refunds for kerosene used in aviation.
Sec. 252. Deduction for qualified timber gain.
Sec. 253. Credit to holders of rural renaissance bonds.
Sec. 254. Restoration of deduction for travel expenses of spouse, etc. accompanying taxpayer on business travel.
Sec. 255. Technical corrections.

TITLE III—SURFACE MINING CONTROL AND RECLAMATION ACT AMENDMENTS OF 2006

Sec. 301. Short title.

Subtitle A—Mining Control and Reclamation

Sec. 311. Abandoned Mine Reclamation Fund and purposes.
Sec. 312. Reclamation fee.
Sec. 313. Objectives of Fund.
Sec. 314. Reclamation of rural land.
Sec. 315. Liens.
Sec. 316. Certification.
Sec. 317. Remining incentives.
Sec. 318. Extension of limitation on application of prohibition on issuance of permit.
Sec. 319. Tribal regulation of surface coal mining and reclamation operations.

Subtitle B—Coal Industry Retiree Health Benefit Act

Sec. 321. Certain related persons and successors in interest relieved of liability if premiums prepaid.
Sec. 322. Transfers to funds; premium relief.
Sec. 323. Other provisions.

TITLE IV—INCREASE IN MINIMUM WAGE

Sec. 401. Minimum Wage.
Sec. 402. Tipped Wage Fairness.

TITLE I—REFORM AND EXTENSION OF ESTATE TAX AFTER 2009

SEC. 101. REFORM AND EXTENSION OF ESTATE TAX AFTER 2009.

(a) RESTORATION OF UNIFIED CREDIT AGAINST GIFT TAX.—Paragraph (1) of section 2505(a) (relating to general rule for unified credit against gift tax), after the application of subsection (g), is amended by striking ''(determined as if the applicable exclusion amount were $1,000,000)''.

(b) EXCLUSION EQUIVALENT OF UNIFIED CREDIT INCREASED TO $5,000,000.—Subsection (c) of section 2010 (relating to unified credit against estate tax) is amended to read as follows:

''(c) APPLICABLE CREDIT AMOUNT.—

''(1) IN GENERAL.—For purposes of this section, the applicable credit amount is the amount of the tentative tax which would be determined under the rate schedule set forth

in section 2001(c) if the amount with respect to which such tentative tax is to be computed were the applicable exclusion amount.

''(2) APPLICABLE EXCLUSION AMOUNT.—

''(A) IN GENERAL.—For purposes of this subsection, the applicable exclusion amount is as follows:

''(i) For calendar year 2010, $3,750,000.

''(ii) For calendar year 2011, $4,000,000.

''(iii) For calendar year 2012, $4,250,000.

''(iv) For calendar year 2013, $4,500,000.

''(v) For calendar year 2014, $4,750,000.

''(vi) For calendar year 2015 and thereafter, $5,000,000.

''(B) INFLATION ADJUSTMENT.—In the case of any decedent dying in a calendar year after 2015, the $5,000,000 amount in subparagraph (A)(vi) shall be increased by an amount equal to—

''(i) such dollar amount, multiplied by

''(ii) the cost-of-living adjustment determined under section 1(f)(3) for such calendar year by substituting 'calendar year 2014' for 'calendar year 1992' in subparagraph (B) thereof.

If any amount as adjusted under the preceding sentence is not a multiple of $100,000, such amount shall be rounded to the nearest multiple of $100,000.''.

(c) RATE SCHEDULE.—

(1) IN GENERAL.—Subsection (c) of section 2001 (relating to rate schedule) is amended to read as follows:

''(c) RATE SCHEDULE.—

''(1) IN GENERAL.—The tentative tax is equal to the sum of—

''(A) the product of the rate specified in section 1(h)(1)(C) in effect on the date of the decedent's death multiplied by so much of the sum described in subsection (b)(1) as does not exceed $25,000,000, and

''(B) the applicable percentage effective on the date of the decedent's death of so much of the sum described in subsection (b)(1) as exceeds $25,000,000.

''(2) APPLICABLE PERCENTAGE.—For purposes of paragraph (1)(B), the applicable percentage is—

''(A) in the case the decedent's death is in 2010, 40 percent,

''(B) in the case the decedent's death is in 2011, 38 percent,

''(C) in the case the decedent's death is in 2012, 36 percent,

''(D) in the case the decedent's death is in 2013, 34 percent,

''(E) in the case the decedent's death is in 2014, 32 percent, and

''(F) in the case the decedent's death is in 2015 or thereafter, 30 percent.

''(3) INFLATION ADJUSTMENT.—In the case of any decedent dying in a calendar year after 2015, each $25,000,000 amount in subparagraphs (A) and (B) of paragraph (1) shall be increased by an amount equal to—

''(A) such dollar amount, multiplied by

''(B) the cost-of-living adjustment determined under section 1(f)(3) for such calendar year by substituting 'calendar year 2014' for 'calendar year 1992' in subparagraph (B) thereof.

If any amount as adjusted under the preceding sentence is not a multiple of $100,000, such amount shall be rounded to the nearest multiple of $100,000.''.

(2) CONFORMING AMENDMENT.—Section 2502(a) (relating to computation of tax), after the application of subsection (g), is amended by adding at the end the following flush sentence:

''In computing the tentative tax under section 2001(c) for purposes of this subsection, 'the last day of the calendar year in which the gift was made' shall be substituted for 'the date of the decedent's death' each place it appears in such section.''.

(d) MODIFICATIONS OF ESTATE AND GIFT TAXES TO REFLECT DIFFERENCES IN UNIFIED CREDIT RESULTING FROM DIFFERENT TAX RATES.—

(1) ESTATE TAX.—

(A) IN GENERAL.—Section 2001(b)(2) (relating to computation of tax) is amended by striking ''if the provisions of subsection (c) (as in effect at the decedent's death)'' and inserting ''if the modifications described in subsection (g)''.

(B) MODIFICATIONS.—Section 2001 is amended by adding at the end the following new subsection:

''(g) MODIFICATIONS TO GIFT TAX PAYABLE TO REFLECT DIFFERENT TAX RATES.—For purposes of applying subsection (b)(2) with respect to 1 or more gifts, the rates of tax under subsection (c) in effect on the date of the decedent's death shall, in lieu of the rates of tax in effect at the time of such gifts, be used both to compute—

''(1) the tax imposed by chapter 12 with respect to such gifts, and

''(2) the credit allowed against such tax under section 2505, including in computing—

''(A) the applicable credit amount under section 2505(a)(1), and

''(B) the sum of the amounts allowed as a credit for all preceding periods under section 2505(a)(2).

For purposes of paragraph (2)(A), the applicable credit amount for any calendar year before 1998 is the amount which would be determined under section 2010(c) if the applicable exclusion amount were the dollar amount under section 6018(a)(1) for such year.''.

(2) GIFT TAX.—Section 2505(a) (relating to unified credit against gift tax), after the application of subsection (g), is amended by adding at the end the following new flush sentence:

''For purposes of applying paragraph (2) for any calendar year, the rate schedule under section 2001(c) used in computing the applicable credit amount under paragraph (1) for such calendar year shall, in lieu of the rates of tax in effect for preceding calendar periods, be used in determining the amounts allowable as a credit under this section for all preceding calendar periods.''.

(e) REPEAL OF DEDUCTION FOR STATE DEATH TAXES.—

(1) IN GENERAL.—Section 2058 (relating to State death taxes) is amended by adding at the end the following:

''(c) TERMINATION.—This section shall not apply to the estates of decedents dying after December 31, 2009.''.

(2) CONFORMING AMENDMENT.—Section 2106(a)(4) is amended by adding at the end the following new sentence: ''This paragraph shall not apply to the estates of decedents dying after December 31, 2009.''.

(f) EFFECTIVE DATE.—The amendments made by this section shall apply to estates of decedents dying, generation-skipping transfers, and gifts made, after December 31, 2009.

(g) ADDITIONAL MODIFICATIONS TO ESTATE TAX.—

(1) IN GENERAL.—The following provisions of the Economic Growth and Tax Relief Reconciliation Act of 2001, and the amendments made by such provisions, are hereby repealed:

(A) Subtitles A and E of title V.

(B) Subsection (d), and so much of subsection (f)(3) as relates to subsection (d), of section 511.

(C) Paragraph (2) of subsection (b), and paragraph (2) of subsection (e), of section 521. The Internal Revenue Code of 1986 shall be applied as if such provisions and amendments had never been enacted.

(2) SUNSET NOT TO APPLY.—Section 901 of the Economic Growth and Tax Relief Reconciliation Act of 2001 shall not apply to title V (other than subtitles F, G, and H thereof) of such Act.

(3) REPEAL OF DEADWOOD.—

(A) Sections 2011, 2057, and 2604 of the Internal Revenue Code of 1986 are hereby repealed.

(B) The table of sections for part II of subchapter A of chapter 11 of such Code is amended by striking the item relating to section 2011.

(C) The table of sections for part IV of subchapter A of chapter 11 of such Code is amended by striking the item relating to section 2057.

(D) The table of sections for subchapter A of chapter 13 of such Code is amended by striking the item relating to section 2604.

SEC. 102. UNIFIED CREDIT INCREASED BY UNUSED UNIFIED CREDIT OF DECEASED SPOUSE.

(a) IN GENERAL.—Subsection (c) of section 2010 (defining applicable credit amount), as amended by section 101(b), is amended by striking paragraph (2) and inserting the following new paragraphs:

''(2) APPLICABLE EXCLUSION AMOUNT.—For purposes of this subsection, the applicable exclusion amount is the sum of—

''(A) the basic exclusion amount, and

''(B) in the case of a surviving spouse, the aggregate deceased spousal unused exclusion amount.

''(3) BASIC EXCLUSION AMOUNT.—

''(A) IN GENERAL.—For purposes of this subsection, the basic exclusion amount is as follows:

''(i) For calendar year 2010, $3,750,000.

''(ii) For calendar year 2011, $4,000,000.

''(iii) For calendar year 2012, $4,250,000.

''(iv) For calendar year 2013, $4,500,000.

''(v) For calendar year 2014, $4,750,000.

''(vi) For calendar year 2015 and thereafter, $5,000,000.

''(B) INFLATION ADJUSTMENT.—In the case of any decedent dying in a calendar year after 2015, the $5,000,000 amount in subparagraph (A)(vi) shall be increased by an amount equal to—

''(i) such dollar amount, multiplied by

''(ii) the cost-of-living adjustment determined under section 1(f)(3) for such calendar year by substituting 'calendar year 2014' for 'calendar year 1992' in subparagraph (B) thereof.

If any amount as adjusted under the preceding sentence is not a multiple of $100,000, such amount shall be rounded to the nearest multiple of $100,000.

''(4) AGGREGATE DECEASED SPOUSAL UNUSED EXCLUSION AMOUNT.—For purposes of this subsection, the term 'aggregate deceased spousal unused exclusion amount' means the lesser of—

''(A) the basic exclusion amount, or

''(B) the sum of the deceased spousal unused exclusion amounts of the surviving spouse.

''(5) DECEASED SPOUSAL UNUSED EXCLUSION AMOUNT.—For purposes of this subsection, the term 'deceased spousal unused exclusion amount' means, with respect to the surviving spouse of any deceased spouse dying after December 31, 2009, the excess (if any) of—

''(A) the applicable exclusion amount of the deceased spouse, over

''(B) the amount with respect to which the tentative tax is determined under section 2001(b)(1) on the estate of such deceased spouse.

''(6) SPECIAL RULES.—

''(A) ELECTION REQUIRED.—A deceased spousal unused exclusion amount may not be taken into account by a surviving spouse under paragraph (5) unless the executor of the estate of the deceased spouse files an estate tax return on which such amount is computed and makes an election on such return that such amount may be so taken into

account. Such election, once made, shall be irrevocable. No election may be made under this subparagraph if such return is filed after the time prescribed by law (including extensions) for filing such return.

''(B) EXAMINATION OF PRIOR RETURNS AFTER EXPIRATION OF PERIOD OF LIMITATIONS WITH RESPECT TO DECEASED SPOUSAL UNUSED EXCLUSION AMOUNT.—Notwithstanding any period of limitation in section 6501, after the time has expired under section 6501 within which a tax may be assessed under chapter 11 or 12 with respect to a deceased spousal unused exclusion amount, the Secretary may examine a return of the deceased spouse to make determinations with respect to such amount for purposes of carrying out this subsection.

''(7) REGULATIONS.—The Secretary shall prescribe such regulations as may be necessary or appropriate to carry out this subsection.''.

(b) CONFORMING AMENDMENTS.—

(1) Paragraph (1) of section 2505(a), as amended by section 101, is amended to read as follows:

''(1) the applicable credit amount under section 2010(c) which would apply if the donor died as of the end of the calendar year, reduced by''.

(2) Section 2631(c) is amended by striking ''the applicable exclusion amount'' and inserting ''the basic exclusion amount''.

(3) Section 6018(a)(1), after the application of section 101(g), is amended by striking ''applicable exclusion amount'' and inserting ''basic exclusion amount''.

(c) EFFECTIVE DATE.—The amendments made by this section shall apply to estates of decedents dying, generation-skipping transfers, and gifts made, after December 31, 2009.

TITLE II—EXTENSION AND EXPANSION OF CERTAIN TAX RELIEF PROVISIONS

Subtitle A—Extension and Modification of Certain Provisions

SEC. 201. DEDUCTION FOR QUALIFIED TUITION AND RELATED EXPENSES.

(a) IN GENERAL.—Section 222(e) is amended by striking ''2005''and inserting ''2007''.

(b) CONFORMING AMENDMENTS.—Section 222(b)(2)(B) is amended—

(1) by striking ''a taxable year beginning in 2004 or 2005'' and inserting ''any taxable year beginning after 2003'', and

(2) by striking ''2004 AND 2005'' in the heading and inserting ''AFTER 2003''.

(c) EFFECTIVE DATE.—The amendments made by this section shall apply to taxable years beginning after December 31, 2005.

SEC. 202. EXTENSION AND MODIFICATION OF NEW MARKETS TAX CREDIT.

(a) EXTENSION.—Section 45D(f)(1)(D) is amended by striking ''and 2007'' and inserting '', 2007, and 2008''.

(b) REGULATIONS REGARDING NON-METROPOLITAN COUNTIES.—Section 45D(i) is amended by striking ''and'' at the end of paragraph (4), by striking the period at the end of paragraph (5) and inserting '', and'', and by adding at the end the following new paragraph:

''(6) which ensure that non-metropolitan counties receive a proportional allocation of qualified equity investments.''.

(c) EFFECTIVE DATE.—The amendments made by this section shall take effect on the date of the enactment of this Act.

SEC. 203. ELECTION TO DEDUCT STATE AND LOCAL GENERAL SALES TAXES.

(a) IN GENERAL.—Section 164(b)(5)(I) is amended by striking ''2006'' and inserting ''2008''.

(b) EFFECTIVE DATE.—The amendments made by this section shall apply to taxable years beginning after December 31, 2005.

SEC. 204. EXTENSION AND MODIFICATION OF RESEARCH CREDIT.

(a) EXTENSION.—

(1) IN GENERAL.—Section 41(h)(1)(B) is amended by striking ''2005'' and inserting ''2007''.

(2) CONFORMING AMENDMENT.—Section 45C(b)(1)(D) is amended by striking ''2005'' and inserting ''2007''.

(3) EFFECTIVE DATE.—The amendments made by this subsection shall apply to amounts paid or incurred after December 31, 2005.

(b) INCREASE IN RATES OF ALTERNATIVE INCREMENTAL CREDIT.—

(1) IN GENERAL.—Subparagraph (A) of section 41(c)(4) (relating to election of alternative incremental credit) is amended—

(A) by striking ''2.65 percent'' and inserting ''3 percent'',

(B) by striking ''3.2 percent'' and inserting ''4 percent'', and

(C) by striking ''3.75 percent'' and inserting ''5 percent''.

(2) EFFECTIVE DATE.—The amendments made by this subsection shall apply to amounts paid or incurred after December 31, 2006.

(c) ALTERNATIVE SIMPLIFIED CREDIT FOR QUALIFIED RESEARCH EXPENSES.—

(1) IN GENERAL.—Subsection (c) of section 41 (relating to base amount) is amended by redesignating paragraphs (5) and (6) as paragraphs (6) and (7), respectively, and by inserting after paragraph (4) the following new paragraph:

''(5) ELECTION OF ALTERNATIVE SIMPLIFIED CREDIT.—

''(A) IN GENERAL.—At the election of the taxpayer, the credit determined under subsection (a)(1) shall be equal to 12 percent of so much of the qualified research expenses for the taxable year as exceeds 50 percent of the average qualified research expenses for the 3 taxable years preceding the taxable year for which the credit is being determined.

''(B) SPECIAL RULE IN CASE OF NO QUALIFIED RESEARCH EXPENSES IN ANY OF 3 PRECEDING TAXABLE YEARS.—

''(i) TAXPAYERS TO WHICH SUBPARAGRAPH APPLIES.—The credit under this paragraph shall be determined under this subparagraph if the taxpayer has no qualified research expenses in any one of the 3 taxable years preceding the taxable year for which the credit is being determined.

''(ii) CREDIT RATE.—The credit determined under this subparagraph shall be equal to 6 percent of the qualified research expenses for the taxable year.

''(C) ELECTION.—An election under this paragraph shall apply to the taxable year for which made and all succeeding taxable years unless revoked with the consent of the Secretary. An election under this paragraph may not be made for any taxable year to which an election under paragraph (4) applies.''.

(2) COORDINATION WITH ELECTION OF ALTERNATIVE INCREMENTAL CREDIT.—

(A) IN GENERAL.—Section 41(c)(4)(B) (relating to election) is amended by adding at the end the following: ''An election under this paragraph may not be made for any taxable year to which an election under paragraph (5) applies.''.

(B) TRANSITION RULE.—In the case of an election under section 41(c)(4) of the Internal Revenue Code of 1986 which applies to the taxable year which includes the date of the enactment of this Act, such election shall be treated as revoked with the consent of the Secretary of the Treasury if the taxpayer makes an election under section 41(c)(5) of such Code (as added by subsection (c)) for such year.

(3) EFFECTIVE DATE.—The amendments made by this subsection shall apply to amounts paid or incurred after December 31, 2006.

SEC. 205. WORK OPPORTUNITY TAX CREDIT AND WELFARE-TO-WORK CREDIT.

(a) IN GENERAL.—Sections 51(c)(4)(B) and 51A(f) are each amended by striking ''2005'' and inserting ''2007''.

(b) ELIGIBILITY OF EX-FELONS DETERMINED WITHOUT REGARD TO FAMILY INCOME.—Paragraph (4) of section 51(d) is amended by adding ''and'' at the end of subparagraph (A), by striking '', and'' at the end of subparagraph (B) and inserting a period, and by striking all that follows subparagraph (B).

(c) INCREASE IN MAXIMUM AGE FOR ELIGIBILITY OF FOOD STAMP RECIPIENTS.—Clause (i) of section 51(d)(8)(A) is amended by striking ''25'' and inserting ''40''.

(d) EXTENSION OF PAPERWORK FILING DEADLINE.—Section 51(d)(12)(A)(ii)(II) is amended by striking ''21st day'' and inserting ''28th day''.

(e) CONSOLIDATION OF WORK OPPORTUNITY CREDIT WITH WELFARE-TO-WORK CREDIT.—

(1) IN GENERAL.—Paragraph (1) of section 51(d) is amended by striking ''or'' at the end of subparagraph (G), by striking the period at the end of subparagraph (H) and inserting '', or'', and by adding at the end the following new subparagraph:

''(I) a long-term family assistance recipient.''.

(2) LONG-TERM FAMILY ASSISTANCE RECIPIENT.—Subsection (d) of section 51 is amended by redesignating paragraphs (10) through (12) as paragraphs (11) through (13), respectively, and by inserting after paragraph (9) the following new paragraph:

''(10) LONG-TERM FAMILY ASSISTANCE RECIPIENT.—The term 'long-term family assistance recipient' means any individual who is certified by the designated local agency—

''(A) as being a member of a family receiving assistance under a IV–A program (as defined in paragraph (2)(B)) for at least the 18-month period ending on the hiring date,

''(B)(i) as being a member of a family receiving such assistance for 18 months beginning after August 5, 1997, and

''(ii) as having a hiring date which is not more than 2 years after the end of the earliest such 18-month period, or

''(C)(i) as being a member of a family which ceased to be eligible for such assistance by reason of any limitation imposed by Federal or State law on the maximum period such assistance is payable to a family, and

''(ii) as having a hiring date which is not more than 2 years after the date of such cessation.''.

(3) INCREASED CREDIT FOR EMPLOYMENT OF LONG-TERM FAMILY ASSISTANCE RECIPIENTS.—Section 51 is amended by inserting after subsection (d) the following new subsection:

''(e) CREDIT FOR SECOND-YEAR WAGES FOR EMPLOYMENT OF LONG-TERM FAMILY ASSISTANCE RECIPIENTS.—

''(1) IN GENERAL.—With respect to the employment of a long-term family assistance recipient—

''(A) the amount of the work opportunity credit determined under this section for the taxable year shall include 50 percent of the qualified second-year wages for such year, and

''(B) in lieu of applying subsection (b)(3), the amount of the qualified first-year wages, and the amount of qualified second-year wages, which may be taken into account with respect to such a recipient shall not exceed $10,000 per year.

''(2) QUALIFIED SECOND-YEAR WAGES.—For purposes of this subsection, the term 'qualified second-year wages' means qualified wages—

''(A) which are paid to a long-term family assistance recipient, and

''(B) which are attributable to service rendered during the 1-year period beginning on

the day after the last day of the 1-year period with respect to such recipient determined under subsection (b)(2).

''(3) SPECIAL RULES FOR AGRICULTURAL AND RAILWAY LABOR.—If such recipient is an employee to whom subparagraph (A) or (B) of subsection (h)(1) applies, rules similar to the rules of such subparagraphs shall apply except that—

''(A) such subparagraph (A) shall be applied by substituting '$10,000' for '$6,000', and

''(B) such subparagraph (B) shall be applied by substituting '$833.33' for '$500'.''.

(4) REPEAL OF SEPARATE WELFARE-TO-WORK CREDIT.—

(A) IN GENERAL.—Section 51A is hereby repealed.

(B) CLERICAL AMENDMENT.—The table of sections for subpart F of part IV of subchapter A of chapter 1 is amended by striking the item relating to section 51A.

(f) EFFECTIVE DATES.—

(1) IN GENERAL.—Except as provided in paragraph (2), the amendments made by this section shall apply to individuals who begin work for the employer after December 31, 2005.

(2) CONSOLIDATION.—The amendments made by subsections (b), (c), (d), and (e) shall apply to individuals who begin work for the employer after December 31, 2006.

SEC. 206. ELECTION TO INCLUDE COMBAT PAY AS EARNED INCOME FOR PURPOSES OF EARNED INCOME CREDIT.

(a) IN GENERAL.—Section 32(c)(2)(B)(vi)(II) is amended by striking ''2007'' and inserting ''2008''.

(b) EFFECTIVE DATE.—The amendment made by this section shall apply to taxable years beginning after December 31, 2006.

SEC. 207. EXTENSION AND MODIFICATION OF QUALIFIED ZONE ACADEMY BONDS.

(a) IN GENERAL.—Paragraph (1) of section 1397E(e) is amended by striking ''and 2005'' and inserting ''2005, 2006, and 2007''.

(b) SPECIAL RULES RELATING TO EXPENDITURES, ARBITRAGE, AND REPORTING.—

(1) IN GENERAL.—Section 1397E is amended—

(A) in subsection (d)(1), by striking ''and'' at the end of subparagraph (C)(iii), by striking the period at the end of subparagraph (D) and inserting '', and'', and by adding at the end the following new subparagraph:

''(E) the issue meets the requirements of subsections (f), (g), and (h).'', and

(B) by redesignating subsections (f), (g), (h), and (i) as subsection (i), (j), (k), and (l), respectively, and by inserting after subsection (e) the following new subsections:

''(f) SPECIAL RULES RELATING TO EXPENDITURES.—

''(1) IN GENERAL.—An issue shall be treated as meeting the requirements of this subsection if, as of the date of issuance, the issuer reasonably expects—

''(A) at least 95 percent of the proceeds from the sale of the issue are to be spent for 1 or more qualified purposes with respect to qualified zone academies within the 5-year period beginning on the date of issuance of the qualified zone academy bond,

''(B) a binding commitment with a third party to spend at least 10 percent of the proceeds from the sale of the issue will be incurred within the 6-month period beginning on the date of issuance of the qualified zone academy bond, and

''(C) such purposes will be completed with due diligence and the proceeds from the sale of the issue will be spent with due diligence.

''(2) EXTENSION OF PERIOD.—Upon submission of a request prior to the expiration of the period described in paragraph (1)(A), the Secretary may extend such period if the issuer establishes that the failure to satisfy the 5-year requirement is due to reasonable cause and the related purposes will continue to proceed with due diligence.

''(3) FAILURE TO SPEND REQUIRED AMOUNT OF BOND PROCEEDS WITHIN 5 YEARS.—To the extent that less than 95 percent of the proceeds of such issue are expended by the close of the 5-year period beginning on the date of issuance (or if an extension has been obtained under paragraph (2), by the close of the extended period), the issuer shall redeem all of the nonqualified bonds within 90 days after the end of such period. For purposes of this paragraph, the amount of the nonqualified bonds required to be redeemed shall be determined in the same manner as under section 142.

''(g) SPECIAL RULES RELATING TO ARBITRAGE.—An issue shall be treated as meeting the requirements of this subsection if the issuer satisfies the arbitrage requirements of section 148 with respect to proceeds of the issue.

''(h) REPORTING.—Issuers of qualified academy zone bonds shall submit reports similar to the reports required under section 149(e).''.

(2) CONFORMING AMENDMENTS.—Sections 54(l)(3)(B) and 1400N(l)(7)(B)(ii) are each amended by striking ''section 1397E(i)'' and inserting ''section 1397E(l)''.

(c) EFFECTIVE DATES.—

(1) EXTENSION.—The amendment made by subsection (a) shall apply to obligations issued after December 31, 2005.

(2) SPECIAL RULES.—The amendments made by subsection (b) shall apply to obligations issued after the date of the enactment of this Act pursuant to allocations of the national zone academy bond limitation for calendar years after 2005.

SEC. 208. ABOVE-THE-LINE DEDUCTION FOR CERTAIN EXPENSES OF ELEMENTARY AND SECONDARY SCHOOL TEACHERS.

(a) IN GENERAL.—Subparagraph (D) of section 62(a)(2) is amended by striking ''or 2005'' and inserting ''2005, 2006, or 2007''.

(b) EFFECTIVE DATE.—The amendment made by this section shall apply to taxable years beginning after December 31, 2005.

SEC. 209. EXTENSION AND EXPANSION OF EXPENSING OF BROWNFIELDS REMEDIATION COSTS.

(a) EXTENSION.—Subsection (h) of section 198 is amended by striking ''2005'' and inserting ''2007''.

(b) EXPANSION.—Section 198(d)(1) (defining hazardous substance) is amended by striking ''and'' at the end of subparagraph (A), by striking the period at the end of subparagraph (B) and inserting '', and'', and by adding at the end the following new subparagraph:

''(C) any petroleum product (as defined in section 4612(a)(3)).''.

(c) EFFECTIVE DATE.—The amendments made by this section shall apply to expenditures paid or incurred after December 31, 2005.

SEC. 210. TAX INCENTIVES FOR INVESTMENT IN THE DISTRICT OF COLUMBIA.

(a) DESIGNATION OF ZONE.—

(1) IN GENERAL.—Subsection (f) of section 1400 is amended by striking ''2005'' both places it appears and inserting ''2007''.

(2) EFFECTIVE DATE.—The amendments made by this subsection shall apply to periods beginning after December 31, 2005.

(b) TAX-EXEMPT ECONOMIC DEVELOPMENT BONDS.—

(1) IN GENERAL.—Subsection (b) of section 1400A is amended by striking ''2005'' and inserting ''2007''.

(2) EFFECTIVE DATE.—The amendment made by this subsection shall apply to bonds issued after December 31, 2005.

(c) ZERO PERCENT CAPITAL GAINS RATE.—

(1) IN GENERAL.—Subsection (b) of section 1400B is amended by striking ''2006'' each place it appears and inserting ''2008''.

(2) CONFORMING AMENDMENTS.—

(A) Section 1400B(e)(2) is amended—

(i) by striking ''2010'' and inserting ''2012'', and

(ii) by striking ''2010'' in the heading thereof and inserting ''2012''.

(B) Section 1400B(g)(2) is amended by striking ''2010'' and inserting ''2012''.

(C) Section 1400F(d) is amended by striking ''2010'' and inserting ''2012''.

(3) EFFECTIVE DATES.—

(A) EXTENSION.—The amendments made by paragraph (1) shall apply to acquisitions after December 31, 2005.

(B) CONFORMING AMENDMENTS.—The amendments made by paragraph (2) shall take effect on the date of the enactment of this Act.

(d) FIRST-TIME HOMEBUYER CREDIT.—

(1) IN GENERAL.—Subsection (i) of section 1400C is amended by striking ''2006'' and inserting ''2008''.

(2) EFFECTIVE DATE.—The amendment made by this subsection shall apply to property purchased after December 31, 2005.

SEC. 211. INDIAN EMPLOYMENT TAX CREDIT.

(a) IN GENERAL.—Section 45A(f) is amended by striking ''2005'' and inserting ''2007''.

(b) EFFECTIVE DATE.—The amendment made by this section shall apply to taxable years beginning after December 31, 2005.

SEC. 212. ACCELERATED DEPRECIATION FOR BUSINESS PROPERTY ON INDIAN RESERVATIONS.

(a) IN GENERAL.—Section 168(j)(8) is amended by striking ''2005'' and inserting ''2007''.

(b) EFFECTIVE DATE.—The amendment made by this section shall apply to property placed in service after December 31, 2005.

SEC. 213. FIFTEEN-YEAR STRAIGHT-LINE COST RECOVERY FOR QUALIFIED LEASEHOLD IMPROVEMENTS AND QUALIFIED RESTAURANT PROPERTY.

(a) IN GENERAL.—Clauses (iv) and (v) of section 168(e)(3)(E) are each amended by striking ''2006'' and inserting ''2008''.

(b) TREATMENT OF RESTAURANT PROPERTY TO INCLUDE NEW CONSTRUCTION.—Paragraph (7) of section 168(e) (relating to classification of property) is amended to read as follows:

''(7) QUALIFIED RESTAURANT PROPERTY.—The term 'qualified restaurant property' means any section 1250 property which is a building or an improvement to a building if more than 50 percent of the building's square footage is devoted to preparation of, and seating for on-premises consumption of, prepared meals.''.

(c) EFFECTIVE DATES.—

(1) SUBSECTION (a).—The amendments made by subsection (a) shall apply to property placed in service after December 31, 2005.

(2) SUBSECTION (b).—The amendment made by subsection (b) shall apply to property placed in service after the date of the enactment of this Act.

SEC. 214. COVER OVER OF TAX ON DISTILLED SPIRITS.

(a) IN GENERAL.—Section 7652(f)(1) is amended by striking ''2006'' and inserting ''2008''.

(b) EFFECTIVE DATE.—The amendment made by subsection (a) shall apply to articles brought into the United States after December 31, 2005.

SEC. 215. PARITY IN APPLICATION OF CERTAIN LIMITS TO MENTAL HEALTH BENEFITS.

(a) AMENDMENT TO THE INTERNAL REVENUE CODE OF 1986.—Section 9812(f)(3) is amended by striking ''2006'' and inserting ''2007''.

(b) AMENDMENT TO THE EMPLOYEE RETIREMENT INCOME SECURITY ACT OF 1974.—Section 712(f) of the Employee Retirement Income Security Act of 1974 (29 U.S.C. 1185a(f)) is amended by striking ''2006'' and inserting ''2007''.

(c) AMENDMENT TO THE PUBLIC HEALTH SERVICE ACT.—Section 2705(f) of the Public

Health Service Act (42 U.S.C. 300gg–5(f)) is amended by striking ''2006''and inserting ''2007''.

SEC. 216. CORPORATE DONATIONS OF SCIENTIFIC PROPERTY USED FOR RESEARCH AND OF COMPUTER TECHNOLOGY AND EQUIPMENT.

(a) EXTENSION OF COMPUTER TECHNOLOGY AND EQUIPMENT DONATION.—

(1) IN GENERAL.—Section 170(e)(6)(G) is amended by striking ''2005'' and inserting ''2007''.

(2) EFFECTIVE DATE.—The amendment made by paragraph (1) shall apply to contributions made in taxable years beginning after December 31, 2005.

(b) EXPANSION OF CHARITABLE CONTRIBUTION ALLOWED FOR SCIENTIFIC PROPERTY USED FOR RESEARCH AND FOR COMPUTER TECHNOLOGY AND EQUIPMENT USED FOR EDUCATIONAL PURPOSES.—

(1) SCIENTIFIC PROPERTY USED FOR RESEARCH.—

(A) IN GENERAL.—Clause (ii) of section 170(e)(4)(B) (defining qualified research contributions) is amended by inserting ''or assembled'' after ''constructed''.

(B) CONFORMING AMENDMENT.—Clause (iii) of section 170(e)(4)(B) is amended by inserting ''or assembly'' after ''construction''.

(2) COMPUTER TECHNOLOGY AND EQUIPMENT FOR EDUCATIONAL PURPOSES.—

(A) IN GENERAL.—Clause (ii) of section 170(e)(6)(B) is amended by inserting ''or assembled'' after ''constructed'' and ''or assembling'' after ''construction''.

(B) CONFORMING AMENDMENT.—Subparagraph (D) of section 170(e)(6) is amended by inserting ''or assembled'' after ''constructed'' and ''or assembly'' after ''construction''.

(3) EFFECTIVE DATE.—The amendments made by this subsection shall apply to taxable years beginning after December 31, 2005.

SEC. 217. AVAILABILITY OF MEDICAL SAVINGS ACCOUNTS.

(a) IN GENERAL.—Paragraphs (2) and (3)(B) of section 220(i) are each amended by striking ''2005'' each place it appears in the text and headings and inserting ''2007''.

(b) CONFORMING AMENDMENTS.—

(1) Paragraph (2) of section 220(j) is amended—

(A) in the text by striking ''or 2004'' each place it appears and inserting ''2004, 2005, or 2006'', and

(B) in the heading by striking ''OR 2004'' and inserting ''2004, 2005, OR 2006'' .

(2) Subparagraph (A) of section 220(j)(4) is amended by striking ''and 2004'' and inserting ''2004, 2005, and 2006''.

(c) TIME FOR FILING REPORTS, ETC.—

(1) The report required by section 220(j)(4) of the Internal Revenue Code of 1986 to be made on August 1, 2005, shall be treated as timely if made before the close of the 90-day period beginning on the date of the enactment of this Act.

(2) The determination and publication required by section 220(j)(5) of such Code with respect to calendar year 2005 shall be treated as timely if made before the close of the 120-day period beginning on the date of the enactment of this Act. If the determination under the preceding sentence is that 2005 is a cut-off year under section 220(i) of such Code, the cut-off date under such section 220(i) shall be the last day of such 120-day period.

SEC. 218. TAXABLE INCOME LIMIT ON PERCENTAGE DEPLETION FOR OIL AND NATURAL GAS PRODUCED FROM MARGINAL PROPERTIES.

(a) IN GENERAL.—Section 613A(c)(6)(H) is amended by striking ''2006'' and inserting ''2008''.

(b) EFFECTIVE DATE.—The amendment made by subsection (a) shall apply to taxable years beginning after December 31, 2005.

SEC. 219. AMERICAN SAMOA ECONOMIC DEVELOPMENT CREDIT.

(a) IN GENERAL.—For purposes of section 30A of the Internal Revenue Code of 1986, a domestic corporation shall be treated as a qualified domestic corporation to which such section applies if such corporation—

(1) is an existing credit claimant with respect to American Samoa, and

(2) elected the application of section 936 of the Internal Revenue Code of 1986 for its last taxable year beginning before January 1, 2006.

(b) SPECIAL RULES FOR APPLICATION OF SECTION.—The following rules shall apply in applying section 30A of the Internal Revenue Code of 1986 for purposes of this section:

(1) AMOUNT OF CREDIT.—Notwithstanding section 30A(a)(1) of such Code, the amount of the credit determined under section 30A(a)(1) of such Code for any taxable year shall be the amount determined under section 30A(d) of such Code, except that section 30A(d) shall be applied without regard to paragraph (3) thereof.

(2) SEPARATE APPLICATION.—In applying section 30A(a)(3) of such Code in the case of a corporation treated as a qualified domestic corporation by reason of this section, section 30A of such Code (and so much of section 936 of such Code as relates to such section 30A) shall be applied separately with respect to American Samoa.

(3) FOREIGN TAX CREDIT ALLOWED.—Notwithstanding section 30A(e) of such Code, the provisions of section 936(c) of such Code shall not apply with respect to the credit allowed by reason of this section.

(c) DEFINITIONS.—For purposes of this section, any term which is used in this section which is also used in section 30A or 936 of such Code shall have the same meaning given such term by such section 30A or 936.

(d) APPLICATION OF SECTION.—Notwithstanding section 30A(h) or section 936(j) of such Code, this section (and so much of section 30A and section 936 of such Code as relates to this section) shall apply to the first two taxable years of a corporation to which subsection (a) applies which begin after December 31, 2005, and before January 1, 2008.

SEC. 220. RESTRUCTURING OF NEW YORK LIBERTY ZONE TAX CREDITS.

(a) IN GENERAL.—Part I of subchapter Y of chapter 1 is amended by redesignating section 1400L as 1400K and by adding at the end the following new section:

''SEC. 1400L. NEW YORK LIBERTY ZONE TAX CREDITS.

''(a) IN GENERAL.—In the case of a New York Liberty Zone governmental unit, there shall be allowed as a credit against any taxes imposed for any payroll period by section 3402 for which such governmental unit is liable under section 3403 an amount equal to so much of the portion of the qualifying project expenditure amount allocated under subsection (b)(3) to such governmental unit for the calendar year as is allocated by such governmental unit to such period under subsection (b)(4).

''(b) QUALIFYING PROJECT EXPENDITURE AMOUNT.—For purposes of this section—

''(1) IN GENERAL.—The term 'qualifying project expenditure amount' means, with respect to any calendar year, the sum of—

''(A) the total expenditures paid or incurred during such calendar year by all New York Liberty Zone governmental units and the Port Authority of New York and New Jersey for any portion of qualifying projects located wholly within the City of New York, New York, and

''(B) any such expenditures—

''(i) paid or incurred in any preceding calendar year which begins after the date of enactment of this section, and

''(ii) not previously allocated under paragraph (3).

''(2) QUALIFYING PROJECT.—The term 'qualifying project' means any transportation infrastructure project, including highways, mass transit systems, railroads, airports, ports, and waterways, in or connecting with the New York Liberty Zone (as defined in section 1400K(h)), which is designated as a qualifying project under this section jointly by the Governor of the State of New York and the Mayor of the City of New York, New York.

''(3) GENERAL ALLOCATION.—

''(A) IN GENERAL.—The Governor of the State of New York and the Mayor of the City of New York, New York, shall jointly allocate to each New York Liberty Zone governmental unit the portion of the qualifying project expenditure amount which may be taken into account by such governmental unit under subsection (a) for any calendar year in the credit period.

''(B) AGGREGATE LIMIT.—The aggregate amount which may be allocated under subparagraph (A) for all calendar years in the credit period shall not exceed $1,750,000,000.

''(C) ANNUAL LIMIT.—

''(i) IN GENERAL.—The aggregate amount which may be allocated under subparagraph (A) for any calendar year in the credit period shall not exceed the sum of—

''(I) the applicable limit, plus

''(II) the aggregate amount authorized to be allocated under this paragraph for all preceding calendar years in the credit period which was not so allocated.

''(ii) APPLICABLE LIMIT.—For purposes of clause (i), the applicable limit for any calendar year is—

''(I) in the case of calendar years 2007 through 2016, $100,000,000,

''(II) in the case of calendar year 2017 or 2018, $200,000,000,

''(III) in the case of calendar year 2019, $150,000,000,

''(IV) in the case of calendar year 2020 or 2021, $100,000,000, and

''(V) in the case of any calendar year after 2021, zero.

''(D) UNALLOCATED AMOUNTS AT END OF CREDIT PERIOD.—If, as of the close of the credit period, the amount under subparagraph (B) exceeds the aggregate amount allocated under subparagraph (A) for all calendar years in the credit period, the Governor of the State of New York and the Mayor of the City of New York, New York, may jointly allocate to New York Liberty Zone governmental units for any calendar year in the 5-year period following the credit period an amount equal to—

''(i) the lesser of—

''(I) such excess, or

''(II) the qualifying project expenditure amount for such calendar year, reduced by

''(ii) the aggregate amount allocated under this subparagraph for all preceding calendar years.

''(4) ALLOCATION TO PAYROLL PERIODS.—Each New York Liberty Zone governmental unit which has been allocated a portion of the qualifying project expenditure amount under paragraph (3) for a calendar year may allocate such portion to payroll periods beginning in such calendar year as such governmental unit determines appropriate.

''(c) CARRYOVER OF UNUSED ALLOCATIONS.—

''(1) IN GENERAL.—Except as provided in paragraph (2), if the amount allocated under subsection (b)(3) to a New York Liberty Zone governmental unit for any calendar year exceeds the aggregate taxes imposed by section 3402 for which such governmental unit is liable under section 3403 for periods beginning in such year, such excess shall be carried to the succeeding calendar year and added to the allocation of such governmental unit for such succeeding calendar year. No amount

may be carried under the preceding sentence to a calendar year after 2026.

''(2) REALLOCATION.—If a New York Liberty Zone governmental unit does not use an amount allocated to it under subsection (b)(3) within the time prescribed by the Governor of the State of New York and the Mayor of the City of New York, New York, then such amount shall after such time be treated for purposes of subsection (b)(3) in the same manner as if it had never been allocated.

''(d) DEFINITIONS AND SPECIAL RULES.—For purposes of this section—

''(1) CREDIT PERIOD.—The term 'credit period' means the 15-year period beginning on January 1, 2007.

''(2) NEW YORK LIBERTY ZONE GOVERNMENTAL UNIT.—The term 'New York Liberty Zone governmental unit' means—

''(A) the State of New York,

''(B) the City of New York, New York, and

''(C) any agency or instrumentality of such State or City.

''(3) TREATMENT OF FUNDS.—Any expenditure for a qualifying project taken into account for purposes of the credit under this section shall be considered State and local funds for the purpose of any Federal program.

''(4) TREATMENT OF CREDIT AMOUNTS FOR PURPOSES OF WITHHOLDING TAXES.—For purposes of this title, a New York Liberty Zone governmental unit shall be treated as having paid to the Secretary, on the day on which wages are paid to employees, an amount equal to the amount of the credit allowed to such entity under subsection (a) with respect to such wages, but only if such governmental unit deducts and withholds wages for such payroll period under section 3401 (relating to wage withholding).

''(e) REPORTING.—The Governor of the State of New York and the Mayor of the City of New York, New York, shall jointly submit to the Secretary an annual report—

''(1) which certifies—

''(A) the qualifying project expenditure amount for the calendar year, and

''(B) the amount allocated to each New York Liberty Zone governmental unit under subsection (b)(3) for the calendar year, and

''(2) includes such other information as the Secretary may require to carry out this section.

''(f) GUIDANCE.—The Secretary may prescribe such guidance as may be necessary or appropriate to ensure compliance with the purposes of this section.

''(g) TERMINATION.—No credit shall be allowed under subsection (a) for any calender year after 2026.''.

(b) TERMINATION OF CERTAIN NEW YORK LIBERTY ZONE BENEFITS.—

(1) SPECIAL ALLOWANCE AND EXPENSING.—Section 1400K(b)(2)(A)(v), as redesignated by subsection (a), is amended by striking ''the termination date'' and inserting ''the date of the enactment of the Estate Tax and Extension of Tax Relief Act of 2006 or the termination date if pursuant to a binding contract in effect on such enactment date''.

(2) LEASEHOLD.—Section 1400K(c)(2)(B), as so redesignated, is amended by striking ''before January 1, 2007'' and inserting ''on or before the date of the enactment of the Estate Tax and Extension of Tax Relief Act of 2006 or before January 1, 2007, if pursuant to a binding contract in effect on such enactment date''.

(c) CONFORMING AMENDMENTS.—

(1) Section 38(c)(3)(B) is amended by striking ''section 1400L(a)'' and inserting ''section 1400K(a)''.

(2) Section 168(k)(2)(D)(ii) is amended by striking ''section 1400L(c)(2)'' and inserting ''1400K(c)(2)''.

(3) The table of sections for part I of subchapter Y of chapter 1 is amended by striking ''1400L'' and inserting ''1400K''.

(d) EFFECTIVE DATE.—

(1) IN GENERAL.—Except as provided in paragraph (2), the amendments made by this section shall apply to periods beginning after December 31, 2006.

(2) SUBSECTION (b).—The amendments made by subsection (b) shall take effect as if included in section 301 of the Job Creation and Worker Assistance Act of 2002.

SEC. 221. EXTENSION OF BONUS DEPRECIATION FOR CERTAIN QUALIFIED GULF OPPORTUNITY ZONE PROPERTY.

(a) IN GENERAL.—Subsection (d) of section 1400N is amended by adding at the end the following new paragraph:

''(6) EXTENSION FOR CERTAIN PROPERTY.—

''(A) IN GENERAL.—In the case of any specified Gulf Opportunity Zone extension property, paragraph (2)(A) shall be applied without regard to clause (v) thereof.

''(B) SPECIFIED GULF OPPORTUNITY ZONE EXTENSION PROPERTY.—For purposes of this paragraph, the term 'specified Gulf Opportunity Zone extension property' means property—

''(i) substantially all of the use of which is in one or more specified portions of the GO Zone, and

''(ii) which is—

''(I) nonresidential real property or residential rental property which is placed in service by the taxpayer on or before December 31, 2009, or

''(II) in the case of a taxpayer who places a building described in subclause (I) in service on or before December 31, 2009, property described in section 168(k)(2)(A)(i) if substantially all of the use of such property is in such building and such property is placed in service by the taxpayer not later than 90 days after such building is placed in service.

''(C) SPECIFIED PORTIONS OF THE GO ZONE.—For purposes of this paragraph, the term 'specified portions of the GO Zone' means those portions of the GO Zone which are in any county or parish which is identified by the Secretary as being a county or parish in which hurricanes occurring during 2005 damaged (in the aggregate) more than 40 percent of the housing units in such county or parish which were occupied (determined according to the 2000 Census).''.

(b) EXTENSION NOT APPLICABLE TO INCREASED SECTION 179 EXPENSING.—Paragraph (2) of section 1400N(e) is amended by inserting ''without regard to subsection (d)(6)'' after ''subsection (d)(2)''.

(c) EFFECTIVE DATE.—The amendments made by this section shall take effect as if included in section 101 of the Gulf Opportunity Zone Act of 2005.

SEC. 222. AUTHORITY FOR UNDERCOVER OPERATIONS.

Paragraph (6) of section 7608(c) (relating to application of section) is amended by striking ''2007'' both places it appears and inserting ''2008''.

SEC. 223. DISCLOSURES OF CERTAIN TAX RETURN INFORMATION.

(a) DISCLOSURES TO FACILITATE COMBINED EMPLOYMENT TAX REPORTING.—

(1) IN GENERAL.—Subparagraph (B) of section 6103(d)(5) (relating to termination) is amended by striking ''2006'' and inserting ''2007''.

(2) EFFECTIVE DATE.—The amendment made by paragraph (1) shall apply to disclosures after December 31, 2006.

(b) DISCLOSURES RELATING TO TERRORIST ACTIVITIES.—

(1) IN GENERAL.—Clause (iv) of section 6103(i)(3)(C) and subparagraph (E) of section 6103(i)(7) are each amended by striking ''2006'' and inserting ''2007''.

(2) EFFECTIVE DATE.—The amendments made by paragraph (1) shall apply to disclosures after December 31, 2006.

(c) DISCLOSURES RELATING TO STUDENT LOANS.—

(1) IN GENERAL.—Subparagraph (D) of section 6103(l)(13) (relating to termination) is amended by striking ''2006'' and inserting ''2007''.

(2) EFFECTIVE DATE.—The amendment made by paragraph (1) shall apply to requests made after December 31, 2006.

Subtitle B—Other Provisions

SEC. 231. DEDUCTION ALLOWABLE WITH RESPECT TO INCOME ATTRIBUTABLE TO DOMESTIC PRODUCTION ACTIVITIES IN PUERTO RICO.

(a) IN GENERAL.—Subsection (d) of section 199 (relating to definitions and special rules) is amended by redesignating paragraph (8) as paragraph (9) and by inserting after paragraph (7) the following new paragraph:

''(8) TREATMENT OF ACTIVITIES IN PUERTO RICO.—

''(A) IN GENERAL.—In the case of any taxpayer with gross receipts for any taxable year from sources within the Commonwealth of Puerto Rico, if all of such receipts are taxable under section 1 or 11 for such taxable year, then for purposes of determining the domestic production gross receipts of such taxpayer for such taxable year under subsection (c)(4), the term 'United States' shall include the Commonwealth of Puerto Rico.

''(B) SPECIAL RULE FOR APPLYING WAGE LIMITATION.—In the case of any taxpayer described in subparagraph (A), for purposes of applying the limitation under subsection (b) for any taxable year, the determination of W–2 wages of such taxpayer shall be made without regard to any exclusion under section 3401(a)(8) for remuneration paid for services performed in Puerto Rico.

''(C) TERMINATION.—This paragraph shall apply only with respect to the first 2 taxable years of the taxpayer beginning after December 31, 2005, and before January 1, 2008.''.

(b) EFFECTIVE DATE.—The amendments made by subsection (a) shall apply to taxable years beginning after December 31, 2005.

SEC. 232. CREDIT FOR PRIOR YEAR MINIMUM TAX LIABILITY MADE REFUNDABLE AFTER PERIOD OF YEARS.

(a) IN GENERAL.—Section 53 (relating to credit for prior year minimum tax liability) is amended by adding at the end the following new subsection:

''(e) SPECIAL RULE FOR INDIVIDUALS WITH LONG-TERM UNUSED CREDITS.—

''(1) IN GENERAL.—If an individual has a long-term unused minimum tax credit for any taxable year beginning before January 1, 2013, the amount determined under subsection (c) for such taxable year shall not be less than the AMT refundable credit amount for such taxable year.

''(2) AMT REFUNDABLE CREDIT AMOUNT.—For purposes of paragraph (1)—

''(A) IN GENERAL.—The term 'AMT refundable credit amount' means, with respect to any taxable year, the amount equal to the greater of—

''(i) the lesser of—

''(I) $5,000, or

''(II) the amount of long-term unused minimum tax credit for such taxable year, or

''(ii) 20 percent of the amount of such credit.

''(B) PHASEOUT OF AMT REFUNDABLE CREDIT AMOUNT.—

''(i) IN GENERAL.—In the case of an individual whose adjusted gross income for any taxable year exceeds the threshold amount (within the meaning of section 151(d)(3)(C)), the AMT refundable credit amount determined under subparagraph (A) for such taxable year shall be reduced by the applicable

percentage (within the meaning of section 151(d)(3)(B)).

''(ii) ADJUSTED GROSS INCOME.—For purposes of clause (i), adjusted gross income shall be determined without regard to sections 911, 931, and 933.

''(3) LONG-TERM UNUSED MINIMUM TAX CREDIT.—

''(A) IN GENERAL.—For purposes of this subsection, the term 'long-term unused minimum tax credit' means, with respect to any taxable year, the portion of the minimum tax credit determined under subsection (b) attributable to the adjusted net minimum tax for taxable years before the 3rd taxable year immediately preceding such taxable year.

''(B) FIRST-IN, FIRST-OUT ORDERING RULE.—For purposes of subparagraph (A), credits shall be treated as allowed under subsection (a) on a first-in, first-out basis.

''(4) CREDIT REFUNDABLE.—For purposes of this title (other than this section), the credit allowed by reason of this subsection shall be treated as if it were allowed under subpart C.''.

(b) CONFORMING AMENDMENTS.—

(1) Section 6211(b)(4)(A) is amended by striking ''and 34'' and inserting ''34, and 53(e)''.

(2) Paragraph (2) of section 1324(b) of title 31, United States Code, is amended by inserting ''or 53(e)'' after ''section 35''.

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

SEC. 233. RETURNS REQUIRED IN CONNECTION WITH CERTAIN OPTIONS.

(a) IN GENERAL.—So much of section 6039(a) as follows paragraph (2) is amended to read as follows:

''shall, for such calendar year, make a return at such time and in such manner, and setting forth such information, as the Secretary may by regulations prescribe.''.

(b) STATEMENTS TO PERSONS WITH RESPECT TO WHOM INFORMATION IS FURNISHED.—Section 6039 is amended by redesignating subsections (b) and (c) as subsection (c) and (d), respectively, and by inserting after subsection (a) the following new subsection:

''(b) STATEMENTS TO BE FURNISHED TO PERSONS WITH RESPECT TO WHOM INFORMATION IS REPORTED.—Every corporation making a return under subsection (a) shall furnish to each person whose name is set forth in such return a written statement setting forth such information as the Secretary may by regulations prescribe. The written statement required under the preceding sentence shall be furnished to such person on or before January 31 of the year following the calendar year for which the return under subsection (a) was made.''.

(c) CONFORMING AMENDMENTS.—

(1) Section 6724(d)(1)(B) is amended by striking ''or'' at the end of clause (xvii), by striking ''and'' at the end of clause (xviii) and inserting ''or'', and by adding at the end the following new clause:

''(xix) section 6039(a) (relating to returns required with respect to certain options), and''.

(2) Section 6724(d)(2)(B) is amended by striking ''section 6039(a)'' and inserting ''section 6039(b)''.

(3) The heading of section 6039 and the item relating to such section in the table of sections of subpart A of part III of subchapter A of chapter 61 of such Code are each amended by striking ''Information'' and inserting ''Returns''.

(4) The heading of subsection (a) of section 6039 is amended by striking ''FURNISHING OF INFORMATION'' and inserting ''REQUIREMENT OF REPORTING''.

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

SEC. 234. PARTIAL EXPENSING FOR ADVANCED MINE SAFETY EQUIPMENT.

(a) IN GENERAL.—Part VI of subchapter B of chapter 1 is amended by inserting after section 179D the following new section:

''SEC. 179E. ELECTION TO EXPENSE ADVANCED MINE SAFETY EQUIPMENT.

''(a) TREATMENT AS EXPENSES.—A taxpayer may elect to treat 50 percent of the cost of any qualified advanced mine safety equipment property as an expense which is not chargeable to capital account. Any cost so treated shall be allowed as a deduction for the taxable year in which the qualified advanced mine safety equipment property is placed in service.

''(b) ELECTION.—

''(1) IN GENERAL.—An election under this section for any taxable year shall be made on the taxpayer's return of the tax imposed by this chapter for the taxable year. Such election shall specify the advanced mine safety equipment property to which the election applies and shall be made in such manner as the Secretary may by regulations prescribe.

''(2) ELECTION IRREVOCABLE.—Any election made under this section may not be revoked except with the consent of the Secretary.

''(c) QUALIFIED ADVANCED MINE SAFETY EQUIPMENT PROPERTY.—For purposes of this section, the term 'qualified advanced mine safety equipment property' means any advanced mine safety equipment property for use in any underground mine located in the United States—

''(1) the original use of which commences with the taxpayer, and

''(2) which is placed in service by the taxpayer after the date of the enactment of this section.

''(d) ADVANCED MINE SAFETY EQUIPMENT PROPERTY.—For purposes of this section, the term 'advanced mine safety equipment property' means any of the following:

''(1) Emergency communication technology or device which is used to allow a miner to maintain constant communication with an individual who is not in the mine.

''(2) Electronic identification and location device which allows an individual who is not in the mine to track at all times the movements and location of miners working in or at the mine.

''(3) Emergency oxygen-generating, self-rescue device which provides oxygen for at least 90 minutes.

''(4) Pre-positioned supplies of oxygen which (in combination with self-rescue devices) can be used to provide each miner on a shift, in the event of an accident or other event which traps the miner in the mine or otherwise necessitates the use of such a self-rescue device, the ability to survive for at least 48 hours.

''(5) Comprehensive atmospheric monitoring system which monitors the levels of carbon monoxide, methane, and oxygen that are present in all areas of the mine and which can detect smoke in the case of a fire in a mine.

''(e) COORDINATION WITH SECTION 179.—No expenditures shall be taken into account under subsection (a) with respect to the portion of the cost of any property specified in an election under section 179.

''(f) REPORTING.—No deduction shall be allowed under subsection (a) to any taxpayer for any taxable year unless such taxpayer files with the Secretary a report containing such information with respect to the operation of the mines of the taxpayer as the Secretary shall require.

''(g) TERMINATION.—This section shall not apply to property placed in service after December 31, 2008.''.

(b) CONFORMING AMENDMENTS.—

(1) Section 263(a)(1) is amended by striking ''or'' at the end of subparagraph (J), by striking the period at the end of subparagraph (K) and inserting '', or'', and by inserting after subparagraph (K) the following new subparagraph:

''(L) expenditures for which a deduction is allowed under section 179E.''.

(2) Section 312(k)(3)(B) is amended by striking ''or 179D'' each place it appears in the heading and text thereof and inserting ''179D, or 179E''.

(3) Paragraphs (2)(C) and (3)(C) of section 1245(a) are each amended by inserting ''179E,'' after ''179D,''.

(4) The table of sections for part VI of subchapter B of chapter 1 is amended by inserting after the item relating to section 179D the following new item:

''Sec. 179E. Election to expense advanced mine safety equipment.''.

(c) EFFECTIVE DATE.—The amendments made by this section shall apply to costs paid or incurred after the date of the enactment of this Act.

SEC. 235. MINE RESCUE TEAM TRAINING TAX CREDIT.

(a) IN GENERAL.—Subpart D of part IV of subchapter A of chapter 1 (relating to business related credits) is amended by adding at the end the following new section:

''SEC. 45N. MINE RESCUE TEAM TRAINING CREDIT.

''(a) AMOUNT OF CREDIT.—For purposes of section 38, the mine rescue team training credit determined under this section with respect to each qualified mine rescue team employee of an eligible employer for any taxable year is an amount equal to the lesser of—

''(1) 20 percent of the amount paid or incurred by the taxpayer during the taxable year with respect to the training program costs of such qualified mine rescue team employee (including wages of such employee while attending such program), or

''(2) $10,000.

''(b) QUALIFIED MINE RESCUE TEAM EMPLOYEE.—For purposes of this section, the term 'qualified mine rescue team employee' means with respect to any taxable year any full-time employee of the taxpayer who is—

''(1) a miner eligible for more than 6 months of such taxable year to serve as a mine rescue team member as a result of completing, at a minimum, an initial 20-hour course of instruction as prescribed by the Mine Safety and Health Administration's Office of Educational Policy and Development, or

''(2) a miner eligible for more than 6 months of such taxable year to serve as a mine rescue team member by virtue of receiving at least 40 hours of refresher training in such instruction.

''(c) ELIGIBLE EMPLOYER.—For purposes of this section, the term 'eligible employer' means any taxpayer which employs individuals as miners in underground mines in the United States.

''(d) WAGES.—For purposes of this section, the term 'wages' has the meaning given to such term by subsection (b) of section 3306 (determined without regard to any dollar limitation contained in such section).

''(e) TERMINATION.—This section shall not apply to taxable years beginning after December 31, 2008.''.

(b) CREDIT MADE PART OF GENERAL BUSINESS CREDIT.—Section 38(b) is amended by striking ''and'' at the end of paragraph (29), by striking the period at the end of paragraph (30) and inserting '', plus'', and by adding at the end the following new paragraph:

''(31) the mine rescue team training credit determined under section 45N(a).''.

(c) NO DOUBLE BENEFIT.—Section 280C is amended by adding at the end the following new subsection:

''(e) MINE RESCUE TEAM TRAINING CREDIT.—No deduction shall be allowed for that portion of the expenses otherwise allowable as a deduction for the taxable year which is equal to the amount of the credit determined for the taxable year under section 45N(a).''.

(d) CLERICAL AMENDMENT.—The table of sections for subpart D of part IV of subchapter A of chapter 1 is amended by adding at the end the following new item:

''Sec. 45N. Mine rescue team training credit.''.

(e) EFFECTIVE DATE.—The amendments made by this section shall apply to taxable years beginning after December 31, 2005.

SEC. 236. WHISTLEBLOWER REFORMS.

(a) AWARDS TO WHISTLEBLOWERS.—

(1) IN GENERAL.—Section 7623 (relating to expenses of detection of underpayments and fraud, etc.) is amended—

(A) by striking ''The Secretary'' and inserting ''(a) IN GENERAL.—The Secretary'',

(B) by striking ''and'' at the end of paragraph (1) and inserting ''or'',

(C) by striking ''(other than interest)'', and

(D) by adding at the end the following new subsection:

''(b) AWARDS TO WHISTLEBLOWERS.—

''(1) IN GENERAL.—If the Secretary proceeds with any administrative or judicial action described in subsection (a) based on information brought to the Secretary's attention by an individual, such individual shall, subject to paragraph (2), receive as an award at least 15 percent but not more than 30 percent of the collected proceeds (including penalties, interest, additions to tax, and additional amounts) resulting from the action (including any related actions) or from any settlement in response to such action. The determination of the amount of such award by the Whistleblower Office shall depend upon the extent to which the individual substantially contributed to such action.

''(2) AWARD IN CASE OF LESS SUBSTANTIAL CONTRIBUTION.—

''(A) IN GENERAL.—In the event the action described in paragraph (1) is one which the Whistleblower Office determines to be based principally on disclosures of specific allegations (other than information provided by the individual described in paragraph (1)) resulting from a judicial or administrative hearing, from a governmental report, hearing, audit, or investigation, or from the news media, the Whistleblower Office may award such sums as it considers appropriate, but in no case more than 10 percent of the collected proceeds (including penalties, interest, additions to tax, and additional amounts) resulting from the action (including any related actions) or from any settlement in response to such action, taking into account the significance of the individual's information and the role of such individual and any legal representative of such individual in contributing to such action.

''(B) NONAPPLICATION OF PARAGRAPH WHERE INDIVIDUAL IS ORIGINAL SOURCE OF INFORMATION.—Subparagraph (A) shall not apply if the information resulting in the initiation of the action described in paragraph (1) was originally provided by the individual described in paragraph (1).

''(3) REDUCTION IN OR DENIAL OF AWARD.—If the Whistleblower Office determines that the claim for an award under paragraph (1) or (2) is brought by an individual who planned and initiated the actions that led to the underpayment of tax or actions described in subsection (a)(2), then the Whistleblower Office may appropriately reduce such award. If such individual is convicted of criminal conduct arising from the role described in the preceding sentence, the Whistleblower Office shall deny any award.

''(4) APPEAL OF AWARD DETERMINATION.—Any determination regarding an award under paragraph (1), (2), or (3) may, within 30 days of such determination, be appealed to the Tax Court (and the Tax Court shall have jurisdiction with respect to such matter).

''(5) APPLICATION OF THIS SUBSECTION.—This subsection shall apply with respect to any action—

''(A) against any taxpayer, but in the case of any individual, only if such individual's gross income exceeds $200,000 for any taxable year subject to such action, and

''(B) if the tax, penalties, interest, additions to tax, and additional amounts in dispute exceed $2,000,000.

''(6) ADDITIONAL RULES.—

''(A) NO CONTRACT NECESSARY.—No contract with the Internal Revenue Service is necessary for any individual to receive an award under this subsection.

''(B) REPRESENTATION.—Any individual described in paragraph (1) or (2) may be represented by counsel.

''(C) SUBMISSION OF INFORMATION.—No award may be made under this subsection based on information submitted to the Secretary unless such information is submitted under penalty of perjury.''.

(2) ASSIGNMENT TO SPECIAL TRIAL JUDGES.—

(A) IN GENERAL.—Section 7443A(b) (relating to proceedings which may be assigned to special trial judges) is amended by striking ''and'' at the end of paragraph (4), by redesignating paragraph (5) as paragraph (6), and by inserting after paragraph (4) the following new paragraph:

''(5) any proceeding under section 7623(b)(4), and''.

(B) CONFORMING AMENDMENT.—Section 7443A(c) is amended by striking ''or (4)'' and inserting ''(4), or (5)''.

(3) DEDUCTION ALLOWED WHETHER OR NOT TAXPAYER ITEMIZES.—Subsection (a) of section 62 (relating to general rule defining adjusted gross income) is amended by inserting after paragraph (20) the following new paragraph:

''(21) ATTORNEYS FEES RELATING TO AWARDS TO WHISTLEBLOWERS.—Any deduction allowable under this chapter for attorney fees and court costs paid by, or on behalf of, the taxpayer in connection with any award under section 7623(b) (relating to awards to whistleblowers). The preceding sentence shall not apply to any deduction in excess of the amount includible in the taxpayer's gross income for the taxable year on account of such award.''.

(b) WHISTLEBLOWER OFFICE.—

(1) IN GENERAL.—Not later than the date which is 12 months after the date of the enactment of this Act, the Secretary of the Treasury shall issue guidance for the operation of a whistleblower program to be administered in the Internal Revenue Service by an office to be known as the ''Whistleblower Office'' which—

(A) shall at all times operate at the direction of the Commissioner of Internal Revenue and coordinate and consult with other divisions in the Internal Revenue Service as directed by the Commissioner of Internal Revenue,

(B) shall analyze information received from any individual described in section 7623(b) of the Internal Revenue Code of 1986 and either investigate the matter itself or assign it to the appropriate Internal Revenue Service office, and

(C) in its sole discretion, may ask for additional assistance from such individual or any legal representative of such individual.

(2) REQUEST FOR ASSISTANCE.—The guidance issued under paragraph (1) shall specify that any assistance requested under paragraph (1)(C) shall be under the direction and control of the Whistleblower Office or the office assigned to investigate the matter under paragraph (1)(A). No individual or legal representative whose assistance is so requested may by reason of such request represent himself or herself as an employee of the Federal Government.

(c) REPORT BY SECRETARY.—The Secretary of the Treasury shall each year conduct a study and report to Congress on the use of section 7623 of the Internal Revenue Code of 1986, including—

(1) an analysis of the use of such section during the preceding year and the results of such use, and

(2) any legislative or administrative recommendations regarding the provisions of such section and its application.

(d) EFFECTIVE DATE.—The amendments made by subsection (a) shall apply to information provided on or after the date of the enactment of this Act.

SEC. 237. FRIVOLOUS TAX SUBMISSIONS.

(a) CIVIL PENALTIES.—Section 6702 is amended to read as follows:

''SEC. 6702. FRIVOLOUS TAX SUBMISSIONS.

''(a) CIVIL PENALTY FOR FRIVOLOUS TAX RETURNS.—A person shall pay a penalty of $5,000 if—

''(1) such person files what purports to be a return of a tax imposed by this title but which—

''(A) does not contain information on which the substantial correctness of the self-assessment may be judged, or

''(B) contains information that on its face indicates that the self-assessment is substantially incorrect, and

''(2) the conduct referred to in paragraph (1)—

''(A) is based on a position which the Secretary has identified as frivolous under subsection (c), or

''(B) reflects a desire to delay or impede the administration of Federal tax laws.

''(b) CIVIL PENALTY FOR SPECIFIED FRIVOLOUS SUBMISSIONS.—

''(1) IMPOSITION OF PENALTY.—Except as provided in paragraph (3), any person who submits a specified frivolous submission shall pay a penalty of $5,000.

''(2) SPECIFIED FRIVOLOUS SUBMISSION.—For purposes of this section—

''(A) SPECIFIED FRIVOLOUS SUBMISSION.—The term 'specified frivolous submission' means a specified submission if any portion of such submission—

''(i) is based on a position which the Secretary has identified as frivolous under subsection (c), or

''(ii) reflects a desire to delay or impede the administration of Federal tax laws.

''(B) SPECIFIED SUBMISSION.—The term 'specified submission' means—

''(i) a request for a hearing under—

''(I) section 6320 (relating to notice and opportunity for hearing upon filing of notice of lien), or

''(II) section 6330 (relating to notice and opportunity for hearing before levy), and

''(ii) an application under—

''(I) section 6159 (relating to agreements for payment of tax liability in installments),

''(II) section 7122 (relating to compromises), or

''(III) section 7811 (relating to taxpayer assistance orders).

''(3) OPPORTUNITY TO WITHDRAW SUBMISSION.—If the Secretary provides a person with notice that a submission is a specified frivolous submission and such person withdraws such submission within 30 days after such notice, the penalty imposed under paragraph (1) shall not apply with respect to such submission.

''(c) LISTING OF FRIVOLOUS POSITIONS.—The Secretary shall prescribe (and periodically

revise) a list of positions which the Secretary has identified as being frivolous for purposes of this subsection. The Secretary shall not include in such list any position that the Secretary determines meets the requirement of section 6662(d)(2)(B)(ii)(II).

''(d) REDUCTION OF PENALTY.—The Secretary may reduce the amount of any penalty imposed under this section if the Secretary determines that such reduction would promote compliance with and administration of the Federal tax laws.

''(e) PENALTIES IN ADDITION TO OTHER PENALTIES.—The penalties imposed by this section shall be in addition to any other penalty provided by law.''.

(b) TREATMENT OF FRIVOLOUS REQUESTS FOR HEARINGS BEFORE LEVY.—

(1) FRIVOLOUS REQUESTS DISREGARDED.—Section 6330 (relating to notice and opportunity for hearing before levy) is amended by adding at the end the following new subsection:

''(g) FRIVOLOUS REQUESTS FOR HEARING, ETC.—Notwithstanding any other provision of this section, if the Secretary determines that any portion of a request for a hearing under this section or section 6320 meets the requirement of clause (i) or (ii) of section 6702(b)(2)(A), then the Secretary may treat such portion as if it were never submitted and such portion shall not be subject to any further administrative or judicial review.''.

(2) PRECLUSION FROM RAISING FRIVOLOUS ISSUES AT HEARING.—Section 6330(c)(4) is amended—

(A) by striking ''(A)'' and inserting ''(A)(i)'';

(B) by striking ''(B)'' and inserting ''(ii)'';

(C) by striking the period at the end of the first sentence and inserting ''; or''; and

(D) by inserting after subparagraph (A)(ii) (as so redesignated) the following:

''(B) the issue meets the requirement of clause (i) or (ii) of section 6702(b)(2)(A).''.

(3) STATEMENT OF GROUNDS.—Section 6330(b)(1) is amended by striking ''under subsection (a)(3)(B)'' and inserting ''in writing under subsection (a)(3)(B) and states the grounds for the requested hearing''.

(c) TREATMENT OF FRIVOLOUS REQUESTS FOR HEARINGS UPON FILING OF NOTICE OF LIEN.—Section 6320 is amended—

(1) in subsection (b)(1), by striking ''under subsection (a)(3)(B)'' and inserting ''in writing under subsection (a)(3)(B) and states the grounds for the requested hearing'', and

(2) in subsection (c), by striking ''and (e)'' and inserting ''(e), and (g)''.

(d) TREATMENT OF FRIVOLOUS APPLICATIONS FOR OFFERS-IN-COMPROMISE AND INSTALLMENT AGREEMENTS.—Section 7122 is amended by adding at the end the following new subsection:

''(f) FRIVOLOUS SUBMISSIONS, ETC.—Notwithstanding any other provision of this section, if the Secretary determines that any portion of an application for an offer-in-compromise or installment agreement submitted under this section or section 6159 meets the requirement of clause (i) or (ii) of section 6702(b)(2)(A), then the Secretary may treat such portion as if it were never submitted and such portion shall not be subject to any further administrative or judicial review.''.

(e) CLERICAL AMENDMENT.—The table of sections for part I of subchapter B of chapter 68 is amended by striking the item relating to section 6702 and inserting the following new item:

''Sec. 6702. Frivolous tax submissions.''.

(f) EFFECTIVE DATE.—The amendments made by this section shall apply to submissions made and issues raised after the date on which the Secretary first prescribes a list under section 6702(c) of the Internal Revenue Code of 1986, as amended by subsection (a).

SEC. 238. ADDITION OF MENINGOCOCCAL AND HUMAN PAPILLOMAVIRUS VACCINES TO LIST OF TAXABLE VACCINES.

(a) MENINGOCOCCAL VACCINE.—Section 4132(a)(1) (defining taxable vaccine) is amended by adding at the end the following new subparagraph:

''(O) Any meningococcal vaccine.''.

(b) HUMAN PAPILLOMAVIRUS VACCINE.—Section 4132(a)(1), as amended by subsection (a), is amended by adding at the end the following new subparagraph:

''(P) Any vaccine against the human papillomavirus.''.

(c) EFFECTIVE DATE.—

(1) SALES, ETC.—The amendments made by this section shall apply to sales and uses on or after the first day of the first month which begins more than 4 weeks after the date of the enactment of this Act.

(2) DELIVERIES.—For purposes of paragraph (1) and section 4131 of the Internal Revenue Code of 1986, in the case of sales on or before the effective date described in such paragraph for which delivery is made after such date, the delivery date shall be considered the sale date.

SEC. 239. CLARIFICATION OF TAXATION OF CERTAIN SETTLEMENT FUNDS MADE PERMANENT.

(a) IN GENERAL.—Subsection (g) of section 468B, as amended by section 201 of the Tax Increase Prevention and Reconciliation Act of 2005, is amended by striking paragraph (3).

(b) EFFECTIVE DATE.—The amendment made by this section shall take effect as if included in section 201 of the Tax Increase Prevention and Reconciliation Act of 2005.

SEC. 240. MODIFICATION OF ACTIVE BUSINESS DEFINITION UNDER SECTION 355 MADE PERMANENT.

(a) IN GENERAL.—Subparagraphs (A) and (D) of section 355(b)(3), as amended by section 202 of the Tax Increase Prevention and Reconciliation Act of 2005, are each amended by striking ''and on or before December 31, 2010''.

(b) EFFECTIVE DATE.—The amendments made by this section shall take effect as if included in section 202 of the Tax Increase Prevention and Reconciliation Act of 2005.

SEC. 241. REVISION OF STATE VETERANS LIMIT MADE PERMANENT.

(a) IN GENERAL.—Subparagraph (B) of section 143(l)(3), as amended by section 203 of the Tax Increase Prevention and Reconciliation Act of 2005, is amended by striking clause (iv).

(b) EFFECTIVE DATE.—The amendment made by this section shall take effect as if included in section 203 of the Tax Increase Prevention and Reconciliation Act of 2005.

SEC. 242. CAPITAL GAINS TREATMENT FOR CERTAIN SELF-CREATED MUSICAL WORKS MADE PERMANENT.

(a) IN GENERAL.—Paragraph (3) of section 1221(b), as amended by section 204 of the Tax Increase Prevention and Reconciliation Act of 2005, is amended by striking ''before January 1, 2011,''.

(b) EFFECTIVE DATE.—The amendment made by this section shall take effect as if included in section 204 of the Tax Increase Prevention and Reconciliation Act of 2005.

SEC. 243. REDUCTION IN MINIMUM VESSEL TONNAGE WHICH QUALIFIES FOR TONNAGE TAX MADE PERMANENT.

(a) IN GENERAL.—Paragraph (4) of section 1355(a), as amended by section 205 of the Tax Increase Prevention and Reconciliation Act of 2005, is amended by striking ''10,000 (6,000, in the case of taxable years beginning after December 31, 2005, and ending before January 1, 2011)'' and inserting ''6,000''.

(b) EFFECTIVE DATE.—The amendment made by this section shall take effect as if included in section 205 of the Tax Increase Prevention and Reconciliation Act of 2005.

SEC. 244. MODIFICATION OF SPECIAL ARBITRAGE RULE FOR CERTAIN FUNDS MADE PERMANENT.

(a) IN GENERAL.—Section 206 of the Tax Increase Prevention and Reconciliation Act of 2005 is amended by striking ''and before August 31, 2009''.

(b) EFFECTIVE DATE.—The amendment made by this section shall take effect as if included in section 206 of the Tax Increase Prevention and Reconciliation Act of 2005.

SEC. 245. GREAT LAKES DOMESTIC SHIPPING TO NOT DISQUALIFY VESSEL FROM TONNAGE TAX.

(a) IN GENERAL.—Section 1355 (relating to definitions and special rules) is amended by redesignating subsection (g) as subsection (h) and by inserting after subsection (f) the following new subsection:

''(g) GREAT LAKES DOMESTIC SHIPPING TO NOT DISQUALIFY VESSEL.—

''(1) IN GENERAL.—If the electing corporation elects (at such time and in such manner as the Secretary may require) to apply this subsection for any taxable year to any qualifying vessel which is used in qualified zone domestic trade during the taxable year—

''(A) solely for purposes of subsection (a)(4), such use shall be treated as use in United States foreign trade (and not as use in United States domestic trade), and

''(B) subsection (f) shall not apply with respect to such vessel for such taxable year.

''(2) EFFECT OF TEMPORARILY OPERATING VESSEL IN UNITED STATES DOMESTIC TRADE.—In the case of a qualifying vessel to which this subsection applies—

''(A) IN GENERAL.—An electing corporation shall be treated as using such vessel in qualified zone domestic trade during any period of temporary use in the United States domestic trade (other than qualified zone domestic trade) if the electing corporation gives timely notice to the Secretary stating—

''(i) that it temporarily operates or has operated in the United States domestic trade (other than qualified zone domestic trade) a qualifying vessel which had been used in the United States foreign trade or qualified zone domestic trade, and

''(ii) its intention to resume operation of the vessel in the United States foreign trade or qualified zone domestic trade.

''(B) NOTICE.—Notice shall be deemed timely if given not later than the due date (including extensions) for the corporation's tax return for the taxable year in which the temporary cessation begins.

''(C) PERIOD DISREGARD IN EFFECT.—The period of temporary use under subparagraph (A) continues until the earlier of the date of which—

''(i) the electing corporation abandons its intention to resume operations of the vessel in the United States foreign trade or qualified zone domestic trade, or

''(ii) the electing corporation resumes operation of the vessel in the United States foreign trade or qualified zone domestic trade.

''(D) NO DISREGARD IF DOMESTIC TRADE USE EXCEEDS 30 DAYS.—Subparagraph (A) shall not apply to any qualifying vessel which is operated in the United States domestic trade (other than qualified zone domestic trade) for more than 30 days during the taxable year.

''(3) ALLOCATION OF INCOME AND DEDUCTIONS TO QUALIFYING SHIPPING ACTIVITIES.—In the case of a qualifying vessel to which this subsection applies, the Secretary shall prescribe rules for the proper allocation of income, expenses, losses, and deductions between the qualified shipping activities and the other activities of such vessel.

''(4) QUALIFIED ZONE DOMESTIC TRADE.—For purposes of this subsection—

''(A) IN GENERAL.—The term 'qualified zone domestic trade' means the transportation of

goods or passengers between places in the qualified zone if such transportation is in the United States domestic trade.

''(B) QUALIFIED ZONE.—The term 'qualified zone' means the Great Lakes Waterway and the St. Lawrence Seaway.''.

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

SEC. 246. USE OF QUALIFIED MORTGAGE BONDS TO FINANCE RESIDENCES FOR VETERANS WITHOUT REGARD TO FIRST-TIME HOMEBUYER REQUIREMENT.

(a) IN GENERAL.—Section 143(d)(2) (relating to exceptions to 3-year requirement) is amended by striking ''and'' at the end of subparagraph (B), by adding ''and'' at the end of subparagraph (C), and by inserting after subparagraph (C) the following new subparagraph:

''(D) in the case of bonds issued after the date of the enactment of this subparagraph and before January 1, 2008, financing of any residence for a veteran (as defined in section 101 of title 38, United States Code), if such veteran has not previously qualified for and received such financing by reason of this subparagraph,''.

(b) EFFECTIVE DATE.—The amendments made by this section shall apply to bonds issued after the date of the enactment of this Act.

SEC. 247. EXCLUSION OF GAIN FROM SALE OF A PRINCIPAL RESIDENCE BY CERTAIN EMPLOYEES OF THE INTELLIGENCE COMMUNITY.

(a) IN GENERAL.—Subparagraph (A) of section 121(d)(9) (relating to exclusion of gain from sale of principal residence) is amended by striking ''duty'' and all that follows and inserting ''duty—

''(i) as a member of the uniformed services,

''(ii) as a member of the Foreign Service of the United States, or

''(iii) as an employee of the intelligence community.''.

(b) EMPLOYEE OF INTELLIGENCE COMMUNITY DEFINED.—Subparagraph (C) of section 121(d)(9) is amended by redesignating clause (iv) as clause (v) and by inserting after clause (iii) the following new clause:

''(iv) EMPLOYEE OF INTELLIGENCE COMMUNITY.—The term 'employee of the intelligence community' means an employee (as defined by section 2105 of title 5, United States Code) of—

''(I) the Office of the Director of National Intelligence,

''(II) the Central Intelligence Agency,

''(III) the National Security Agency,

''(IV) the Defense Intelligence Agency,

''(V) the National Geospatial-Intelligence Agency,

''(VI) the National Reconnaissance Office,

''(VII) any other office within the Department of Defense for the collection of specialized national intelligence through reconnaissance programs,

''(VIII) any of the intelligence elements of the Army, the Navy, the Air Force, the Marine Corps, the Federal Bureau of Investigation, the Department of Treasury, the Department of Energy, and the Coast Guard,

''(IX) the Bureau of Intelligence and Research of the Department of State, or

''(X) any of the elements of the Department of Homeland Security concerned with the analyses of foreign intelligence information.''.

(c) SPECIAL RULE.—Subparagraph (C) of section 121(d)(9), as amended by subsection (b), is amended by adding at the end the following new clause:

''(vi) SPECIAL RULE RELATING TO INTELLIGENCE COMMUNITY.—An employee of the intelligence community shall not be treated as serving on qualified extended duty unless such duty is at a duty station located outside the United States.''.

(d) CONFORMING AMENDMENT.—The heading for section 121(d)(9) is amended to read as follows: ''UNIFORMED SERVICES, FOREIGN SERVICE, AND INTELLIGENCE COMMUNITY''.

(e) EFFECTIVE DATE.—The amendments made by this section shall apply to sales or exchanges after the date of the enactment of this Act and before January 1, 2011.

SEC. 248. TREATMENT OF COKE AND COKE GAS.

(a) NONAPPLICATION OF PHASEOUT.—Section 45K(g)(2) is amended by adding at the end the following new subparagraph:

''(D) NONAPPLICATION OF PHASEOUT.—Subsection (b)(1) shall not apply.''.

(b) CLARIFICATION OF QUALIFYING FACILITY.—Section 45K(g)(1) is amended by inserting ''(other than from petroleum based products)'' after ''coke or coke gas''.

(c) EFFECTIVE DATE.—The amendments made by this section shall take effect as if included in section 1321 of the Energy Policy Act of 2005.

SEC. 249. SALE OF PROPERTY BY JUDICIAL OFFICERS.

(a) IN GENERAL.—Section 1043(b) (relating to the sale of property to comply with conflict-of-interest requirements) is amended—

(1) in paragraph (1)—

(A) in subparagraph (A), by inserting '', or a judicial officer,'' after ''an officer or employee of the executive branch''; and

(B) in subparagraph (B), by inserting ''judicial canon,'' after ''any statute, regulation, rule,'';

(2) in paragraph (2)—

(A) in subparagraph (A), by inserting ''judicial canon,'' after ''any Federal conflict of interest statute, regulation, rule,''; and

(B) in subparagraph (B), by inserting after ''the Director of the Office of Government Ethics,'' the following: ''in the case of executive branch officers or employees, or by the Judicial Conference of the United States (or its designee), in the case of judicial officers,''; and

(3) in paragraph (5)(B), by inserting ''judicial canon,'' after ''any statute, regulation, rule,''.

(b) JUDICIAL OFFICER DEFINED.—Section 1043(b) is amended by adding at the end the following new paragraph:

''(6) JUDICIAL OFFICER.—The term 'judicial officer' means the Chief Justice of the United States, the Associate Justices of the Supreme Court, and the judges of the United States courts of appeals, United States district courts, including the district courts in Guam, the Northern Mariana Islands, and the Virgin Islands, Court of Appeals for the Federal Circuit, Court of International Trade, Tax Court, Court of Federal Claims, Court of Appeals for Veterans Claims, United States Court of Appeals for the Armed Forces, and any court created by Act of Congress, the judges of which are entitled to hold office during good behavior.''.

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

SEC. 250. PREMIUMS FOR MORTGAGE INSURANCE.

(a) IN GENERAL.—Section 163(h)(3) (relating to qualified residence interest) is amended by adding at the end the following new subparagraph:

''(E) MORTGAGE INSURANCE PREMIUMS TREATED AS INTEREST.—

''(i) IN GENERAL.—Premiums paid or accrued for qualified mortgage insurance by a taxpayer during the taxable year in connection with acquisition indebtedness with respect to a qualified residence of the taxpayer shall be treated for purposes of this section as interest which is qualified residence interest.

''(ii) PHASEOUT.—The amount otherwise treated as interest under clause (i) shall be reduced (but not below zero) by 10 percent of such amount for each $1,000 ($500 in the case of a married individual filing a separate return) (or fraction thereof) that the taxpayer's adjusted gross income for the taxable year exceeds $100,000 ($50,000 in the case of a married individual filing a separate return).

''(iii) LIMITATION.—Clause (i) shall not apply with respect to any mortgage insurance contracts issued before January 1, 2007.

''(iv) TERMINATION.—Clause (i) shall not apply to amounts—

''(I) paid or accrued after December 31, 2007, or

''(II) properly allocable to any period after such date.''.

(b) DEFINITION AND SPECIAL RULES.—Section 163(h)(4) (relating to other definitions and special rules) is amended by adding at the end the following new subparagraphs:

''(E) QUALIFIED MORTGAGE INSURANCE.—The term 'qualified mortgage insurance' means—

''(i) mortgage insurance provided by the Veterans Administration, the Federal Housing Administration, or the Rural Housing Administration, and

''(ii) private mortgage insurance (as defined by section 2 of the Homeowners Protection Act of 1998 (12 U.S.C. 4901), as in effect on the date of the enactment of this subparagraph).

''(F) SPECIAL RULES FOR PREPAID QUALIFIED MORTGAGE INSURANCE.—Any amount paid by the taxpayer for qualified mortgage insurance that is properly allocable to any mortgage the payment of which extends to periods that are after the close of the taxable year in which such amount is paid shall be chargeable to capital account and shall be treated as paid in such periods to which so allocated. No deduction shall be allowed for the unamortized balance of such account if such mortgage is satisfied before the end of its term. The preceding sentences shall not apply to amounts paid for qualified mortgage insurance provided by the Veterans Administration or the Rural Housing Administration.''.

(c) INFORMATION RETURNS RELATING TO MORTGAGE INSURANCE.—Section 6050H (relating to returns relating to mortgage interest received in trade or business from individuals) is amended by adding at the end the following new subsection:

''(h) RETURNS RELATING TO MORTGAGE INSURANCE PREMIUMS.—

''(1) IN GENERAL.—The Secretary may prescribe, by regulations, that any person who, in the course of a trade or business, receives from any individual premiums for mortgage insurance aggregating $600 or more for any calendar year, shall make a return with respect to each such individual. Such return shall be in such form, shall be made at such time, and shall contain such information as the Secretary may prescribe.

''(2) STATEMENT TO BE FURNISHED TO INDIVIDUALS WITH RESPECT TO WHOM INFORMATION IS REQUIRED.—Every person required to make a return under paragraph (1) shall furnish to each individual with respect to whom a return is made a written statement showing such information as the Secretary may prescribe. Such written statement shall be furnished on or before January 31 of the year following the calendar year for which the return under paragraph (1) was required to be made.

''(3) SPECIAL RULES.—For purposes of this subsection—

''(A) rules similar to the rules of subsection (c) shall apply, and

''(B) the term 'mortgage insurance' means—

''(i) mortgage insurance provided by the Veterans Administration, the Federal Housing Administration, or the Rural Housing Administration, and

''(ii) private mortgage insurance (as defined by section 2 of the Homeowners Protection Act of 1998 (12 U.S.C. 4901), as in effect on the date of the enactment of this subsection).''.

(d) EFFECTIVE DATE.—The amendments made by this section shall apply to amounts paid or accrued after December 31, 2006.

SEC. 251. MODIFICATION OF REFUNDS FOR KEROSENE USED IN AVIATION.

(a) IN GENERAL.—Paragraph (4) of section 6427(l) (relating to nontaxable uses of diesel fuel and kerosene) is amended to read as follows:

''(4) REFUNDS FOR KEROSENE USED IN AVIATION.—

''(A) KEROSENE USED IN COMMERCIAL AVIATION.—In the case of kerosene used in commercial aviation (as defined in section 4083(b)) (other than supplies for vessels or aircraft within the meaning of section 4221(d)(3)), paragraph (1) shall not apply to so much of the tax imposed by section 4041 or 4081, as the case may be, as is attributable to—

''(i) the Leaking Underground Storage Tank Trust Fund financing rate imposed by such section, and

''(ii) so much of the rate of tax specified in section 4041(c) or 4081(a)(2)(A)(iii), as the case may be, as does not exceed 4.3 cents per gallon.

''(B) KEROSENE USED IN NONCOMMERCIAL AVIATION.—In the case of kerosene used in aviation that is not commercial aviation (as so defined) (other than any use which is exempt from the tax imposed by section 4041(c) other than by reason of a prior imposition of tax), paragraph (1) shall not apply to—

''(i) any tax imposed by section 4041(c), and

''(ii) so much of the tax imposed by section 4081 as is attributable to—

''(I) the Leaking Underground Storage Tank Trust Fund financing rate imposed by such section, and

''(II) so much of the rate of tax specified in section 4081(a)(2)(A)(iii) as does not exceed the rate specified in section 4081(a)(2)(C)(ii).

''(C) PAYMENTS TO ULTIMATE, REGISTERED VENDOR.—

''(i) IN GENERAL.—With respect to any kerosene used in aviation (other than kerosene described in clause (ii) or kerosene to which paragraph (5) applies), if the ultimate purchaser of such kerosene waives (at such time and in such form and manner as the Secretary shall prescribe) the right to payment under paragraph (1) and assigns such right to the ultimate vendor, then the Secretary shall pay the amount which would be paid under paragraph (1) to such ultimate vendor, but only if such ultimate vendor—

''(I) is registered under section 4101, and

''(II) meets the requirements of subparagraph (A), (B), or (D) of section 6416(a)(1).

''(ii) PAYMENTS FOR KEROSENE USED IN NONCOMMERCIAL AVIATION.—The amount which would be paid under paragraph (1) with respect to any kerosene to which subparagraph (B) applies shall be paid only to the ultimate vendor of such kerosene. A payment shall be made to such vendor if such vendor—

''(I) is registered under section 4101, and

''(II) meets the requirements of subparagraph (A), (B), or (D) of section 6416(a)(1).''.

(b) CONFORMING AMENDMENTS.—

(1) Section 6427(l) is amended by striking paragraph (5) and by redesignating paragraph (6) as paragraph (5).

(2) Section 4082(d)(2)(B) is amended by striking ''section 6427(l)(6)(B)'' and inserting ''section 6427(l)(5)(B)''.

(3) Section 6427(i)(4)(A) is amended—

(A) by striking ''paragraph (4)(B), (5), or (6)'' each place it appears and inserting ''paragraph (4)(C) or (5)'', and

(B) by striking ''(l)(5), and (l)(6)'' and inserting ''(l)(4)(C)(ii), and (l)(5)''.

(4) Section 6427(l)(1) is amended by striking ''paragraph (4)(B)'' and inserting ''paragraph (4)(C)(i)''.

(5) Section 9502(d) is amended—

(A) in paragraph (2), by striking ''and (l)(5)'', and

(B) in paragraph (3), by striking ''or (5)''.

(6) Section 9503(c)(7) is amended—

(A) by amending subparagraphs (A) and (B) to read as follows:

''(A) 4.3 cents per gallon of kerosene subject to section 6427(l)(4)(A) with respect to which a payment has been made by the Secretary under section 6427(l), and

''(B) 21.8 cents per gallon of kerosene subject to section 6427(l)(4)(B) with respect to which a payment has been made by the Secretary under section 6427(l).'', and

(B) in the matter following subparagraph (B), by striking ''or (5)''.

(c) EFFECTIVE DATE.—

(1) IN GENERAL.—The amendments made by this section shall apply to kerosene sold after September 30, 2005.

(2) SPECIAL RULE FOR PENDING CLAIMS.—In the case of kerosene sold for use in aviation (other than kerosene to which section 6427(l)(4)(C)(ii) of the Internal Revenue Code of 1986 (as added by subsection (a)) applies or kerosene to which section 6427(l)(5) of such Code (as redesignated by subsection (b)) applies) after September 30, 2005, and before the date of the enactment of this Act, the ultimate purchaser shall be treated as having waived the right to payment under section 6427(l)(1) of such Code and as having assigned such right to the ultimate vendor if such ultimate vendor has met the requirements of subparagraph (A), (B), or (D) of section 6416(a)(1) of such Code.

(d) SPECIAL RULE FOR KEROSENE USED IN AVIATION ON A FARM FOR FARMING PURPOSES.—

(1) REFUNDS FOR PURCHASES AFTER DECEMBER 31, 2004, AND BEFORE OCTOBER 1, 2005.—The Secretary of the Treasury shall pay to the ultimate purchaser of any kerosene which is used in aviation on a farm for farming purposes and which was purchased after December 31, 2004, and before October 1, 2005, an amount equal to the aggregate amount of tax imposed on such fuel under section 4041 or 4081 of the Internal Revenue Code of 1986, as the case may be, reduced by any payment to the ultimate vendor under section 6427(l)(5)(C) of such Code (as in effect on the day before the date of the enactment of the Safe, Accountable, Flexible, Efficient Transportation Equity Act: a Legacy for Users).

(2) USE ON A FARM FOR FARMING PURPOSES.—For purposes of paragraph (1), kerosene shall be treated as used on a farm for farming purposes if such kerosene is used for farming purposes (within the meaning of section 6420(c)(3) of the Internal Revenue Code of 1986) in carrying on a trade or business on a farm situated in the United States. For purposes of the preceding sentence, rules similar to the rules of section 6420(c)(4) of such Code shall apply.

(3) TIME FOR FILING CLAIMS.—No claim shall be allowed under paragraph (1) unless the ultimate purchaser files such claim before the date that is 3 months after the date of the enactment of this Act.

(4) NO DOUBLE BENEFIT.—No amount shall be paid under paragraph (1) or section 6427(l) of the Internal Revenue Code of 1986 with respect to any kerosene described in paragraph (1) to the extent that such amount is in excess of the tax imposed on such kerosene under section 4041 or 4081 of such Code, as the case may be.

(5) APPLICABLE LAWS.—For purposes of this subsection, rules similar to the rules of section 6427(j) of the Internal Revenue Code of 1986 shall apply.

SEC. 252. DEDUCTION FOR QUALIFIED TIMBER GAIN.

(a) IN GENERAL.—Part I of subchapter P of chapter 1 is amended by adding at the end the following new section:

''SEC. 1203. DEDUCTION FOR QUALIFIED TIMBER GAIN.

''(a) IN GENERAL.—In the case of a taxpayer which elects the application of this section for a taxable year, there shall be allowed a deduction against gross income equal to 60 percent of the lesser of—

''(1) the taxpayer's qualified timber gain for such year, or

''(2) the taxpayer's net capital gain for such year.

''(b) QUALIFIED TIMBER GAIN.—For purposes of this section, the term 'qualified timber gain' means, with respect to any taxpayer for any taxable year, the excess (if any) of—

''(1) the sum of the taxpayer's gains described in subsections (a) and (b) of section 631 for such year, over

''(2) the sum of the taxpayer's losses described in such subsections for such year.

''(c) SPECIAL RULES FOR PASS-THRU ENTITIES.—In the case of any qualified timber gain of a pass-thru entity (as defined in section 1(h)(10))—

''(1) the election under this section shall be made separately by each taxpayer subject to tax on such gain, and

''(2) the Secretary may prescribe such regulations as are appropriate to apply this section to such gain.

''(d) TERMINATION.—No disposition of timber after December 31, 2007, shall be taken into account under subsection (b).''.

(b) COORDINATION WITH MAXIMUM CAPITAL GAINS RATES.—

(1) TAXPAYERS OTHER THAN CORPORATIONS.—Paragraph (2) of section 1(h) is amended to read as follows:

''(2) REDUCTION OF NET CAPITAL GAIN.—For purposes of this subsection, the net capital gain for any taxable year shall be reduced (but not below zero) by the sum of—

''(A) the amount which the taxpayer takes into account as investment income under section 163(d)(4)(B)(iii), and

''(B) in the case of a taxable year with respect to which an election is in effect under section 1203, the lesser of—

''(i) the amount described in paragraph (1) of section 1203(a), or

''(ii) the amount described in paragraph (2) of such section.''.

(2) CORPORATIONS.—Section 1201 is amended by redesignating subsection (b) as subsection (c) and inserting after subsection (a) the following new subsection:

''(b) QUALIFIED TIMBER GAIN NOT TAKEN INTO ACCOUNT.—For purposes of this section, in the case of a corporation with respect to which an election is in effect under section 1203, the net capital gain for any taxable year shall be reduced (but not below zero) by the corporation's qualified timber gain (as defined in section 1203(b)).''.

(c) DEDUCTION ALLOWED WHETHER OR NOT INDIVIDUAL ITEMIZES OTHER DEDUCTIONS.—Subsection (a) of section 62, as amended by this Act, is amended by inserting before the last sentence the following new paragraph:

''(22) QUALIFIED TIMBER GAINS.—The deduction allowed by section 1203.''.

(d) DEDUCTION ALLOWED IN COMPUTING ADJUSTED CURRENT EARNINGS.—Subparagraph (C) of section 56(g)(4) is amended by adding at the end the following new clause:

''(vii) DEDUCTION FOR QUALIFIED TIMBER GAIN.—Clause (i) shall not apply to any deduction allowed under section 1203.''.

(e) DEDUCTION ALLOWED IN COMPUTING TAXABLE INCOME OF ELECTING SMALL BUSINESS TRUSTS.—Subparagraph (C) of section 641(c)(2) is amended by inserting after clause (iii) the following new clause:

''(iv) The deduction allowed under section 1203.''.

(f) CONFORMING AMENDMENTS.—

(1) Subparagraph (B) of section 172(d)(2) is amended to read as follows:

''(B) the exclusion under section 1202 and the deduction under section 1203 shall not be allowed.''.

(2) Paragraph (4) of section 642(c) is amended by striking the first sentence and inserting the following: ''To the extent that the amount otherwise allowable as a deduction under this subsection consists of gain described in section 1202(a) or qualified timber gain (as defined in section 1203(b)), proper adjustment shall be made for any exclusion allowable to the estate or trust under section 1202 and for any deduction allowable to the estate or trust under section 1203.''.

(3) Paragraph (3) of section 643(a) is amended by striking the last sentence and inserting the following: ''The exclusion under section 1202 and the deduction under section 1203 shall not be taken into account.''.

(4) Subparagraph (C) of section 643(a)(6) is amended to read as follows:

''(C) Paragraph (3) shall not apply to a foreign trust. In the case of such a trust—

''(i) there shall be included gains from the sale or exchange of capital assets, reduced by losses from such sales or exchanges to the extent such losses do not exceed gains from such sales or exchanges, and

''(ii) the deduction under section 1203 shall not be taken into account.''.

(5) Paragraph (4) of section 691(c) is amended by inserting ''1203,'' after ''1202,''.

(6) Paragraph (2) of section 871(a) is amended by striking ''section 1202'' and inserting ''sections 1202 and 1203''.

(7) The table of sections for part I of subchapter P of chapter 1 is amended by adding at the end the following new item:

''Sec. 1203. Deduction for qualified timber gain.''.

(g) EFFECTIVE DATE.—

(1) IN GENERAL.—The amendments made by this section shall apply to taxable years ending after the date of the enactment of this Act.

(2) TAXABLE YEARS WHICH INCLUDE DATE OF ENACTMENT.—In the case of any taxable year which includes the date of the enactment of this Act, for purposes of the Internal Revenue Code of 1986, the taxpayer's qualified timber gain shall not exceed the excess that would be described in section 1203(b) of such Code, as added by this section, if only dispositions of timber after such date were taken into account.

SEC. 253. CREDIT TO HOLDERS OF RURAL RENAISSANCE BONDS.

(a) IN GENERAL.—Subpart H of part IV of subchapter A of chapter 1 (relating to credits against tax) is amended by adding at the end the following new section:

''SEC. 54A. CREDIT TO HOLDERS OF RURAL RENAISSANCE BONDS.

''(a) ALLOWANCE OF CREDIT.—In the case of a taxpayer who holds a rural renaissance bond on a credit allowance date of such bond, which occurs during the taxable year, there shall be allowed as a credit against the tax imposed by this chapter for such taxable year an amount equal to the sum of the credits determined under subsection (b) with respect to credit allowance dates during such year on which the taxpayer holds such bond.

''(b) AMOUNT OF CREDIT.—

''(1) IN GENERAL.—The amount of the credit determined under this subsection with respect to any credit allowance date for a rural renaissance bond is 25 percent of the annual credit determined with respect to such bond.

''(2) ANNUAL CREDIT.—The annual credit determined with respect to any rural renaissance bond is the product of—

''(A) the credit rate determined by the Secretary under paragraph (3) for the day on which such bond was sold, multiplied by

''(B) the outstanding face amount of the bond.

''(3) DETERMINATION.—For purposes of paragraph (2), with respect to any rural renaissance bond, the Secretary shall determine daily or caused to be determined daily a credit rate which shall apply to the first day on which there is a binding, written contract for the sale or exchange of the bond. The credit rate for any day is the credit rate which the Secretary or the Secretary's designee estimates will permit the issuance of rural renaissance bonds with a specified maturity or redemption date without discount and without interest cost to the qualified issuer.

''(4) CREDIT ALLOWANCE DATE.—For purposes of this section, the term 'credit allowance date' means—

''(A) March 15,

''(B) June 15,

''(C) September 15, and

''(D) December 15.

Such term also includes the last day on which the bond is outstanding.

''(5) SPECIAL RULE FOR ISSUANCE AND REDEMPTION.—In the case of a bond which is issued during the 3-month period ending on a credit allowance date, the amount of the credit determined under this subsection with respect to such credit allowance date shall be a ratable portion of the credit otherwise determined based on the portion of the 3-month period during which the bond is outstanding. A similar rule shall apply when the bond is redeemed or matures.

''(c) LIMITATION BASED ON AMOUNT OF TAX.—The credit allowed under subsection (a) for any taxable year shall not exceed the excess of—

''(1) the sum of the regular tax liability (as defined in section 26(b)) plus the tax imposed by section 55, over

''(2) the sum of the credits allowable under this part (other than subpart C and this section).

''(d) RURAL RENAISSANCE BOND.—For purposes of this section—

''(1) IN GENERAL.—The term 'rural renaissance bond' means any bond issued as part of an issue if—

''(A) the bond is issued by a qualified issuer,

''(B) 95 percent or more of the proceeds from the sale of such issue are to be used for capital expenditures incurred for 1 or more qualified projects,

''(C) the qualified issuer designates such bond for purposes of this section and the bond is in registered form, and

''(D) the issue meets the requirements of subsections (e) and (h).

''(2) QUALIFIED PROJECT; SPECIAL USE RULES.—

''(A) IN GENERAL.—The term 'qualified project' means 1 or more projects described in subparagraph (B) located in a rural area.

''(B) PROJECTS DESCRIBED.—A project described in this subparagraph is—

''(i) a water or waste treatment project,

''(ii) an affordable housing project,

''(iii) a community facility project, including hospitals, fire and police stations, and nursing and assisted-living facilities,

''(iv) a value-added agriculture or renewable energy facility project for agricultural producers or farmer-owned entities, including any project to promote the production, processing, or retail sale of ethanol (including fuel at least 85 percent of the volume of which consists of ethanol), biodiesel, animal waste, biomass, raw commodities, or wind as a fuel,

''(v) a distance learning or telemedicine project,

''(vi) a rural utility infrastructure project, including any electric or telephone system,

''(vii) a project to expand broadband technology,

''(viii) a rural teleworks project, and

''(ix) any project described in any preceding clause carried out by the Delta Regional Authority.

''(C) SPECIAL RULES.—For purposes of this paragraph—

''(i) any project described in subparagraph (B)(iv) for a farmer-owned entity may be considered a qualified project if such entity is located in a rural area, or in the case of a farmer-owned entity the headquarters of which are located in a nonrural area, if the project is located in a rural area, and

''(ii) any project for a farmer-owned entity which is a facility described in subparagraph (B)(iv) for agricultural producers may be considered a qualified project regardless of whether the facility is located in a rural or nonrural area.

''(3) SPECIAL USE RULES.—

''(A) REFINANCING RULES.—For purposes of paragraph (1)(B), a qualified project may be refinanced with proceeds of a rural renaissance bond only if the indebtedness being refinanced (including any obligation directly or indirectly refinanced by such indebtedness) was originally incurred after the date of the enactment of this section.

''(B) REIMBURSEMENT.—For purposes of paragraph (1)(B), a rural renaissance bond may be issued to reimburse a borrower for amounts paid after the date of the enactment of this section with respect to a qualified project, but only if—

''(i) prior to the payment of the original expenditure, the borrower declared its intent to reimburse such expenditure with the proceeds of a rural renaissance bond,

''(ii) not later than 60 days after payment of the original expenditure, the qualified issuer adopts an official intent to reimburse the original expenditure with such proceeds, and

''(iii) the reimbursement is made not later than 18 months after the date the original expenditure is paid.

''(C) TREATMENT OF CHANGES IN USE.—For purposes of paragraph (1)(B), the proceeds of an issue shall not be treated as used for a qualified project to the extent that a borrower takes any action within its control which causes such proceeds not to be used for a qualified project. The Secretary shall prescribe regulations specifying remedial actions that may be taken (including conditions to taking such remedial actions) to prevent an action described in the preceding sentence from causing a bond to fail to be a rural renaissance bond.

''(e) MATURITY LIMITATIONS.—

''(1) DURATION OF TERM.—A bond shall not be treated as a rural renaissance bond if the maturity of such bond exceeds the maximum term determined by the Secretary under paragraph (2) with respect to such bond.

''(2) MAXIMUM TERM.—During each calendar month, the Secretary shall determine the maximum term permitted under this paragraph for bonds issued during the following calendar month. Such maximum term shall be the term which the Secretary estimates will result in the present value of the obligation to repay the principal on the bond being equal to 50 percent of the face amount of such bond. Such present value shall be determined without regard to the requirements of paragraph (3) and using as a discount rate the average annual interest rate of tax-exempt obligations having a term of 10 years or

more which are issued during the month. If the term as so determined is not a multiple of a whole year, such term shall be rounded to the next highest whole year.

''(3) RATABLE PRINCIPAL AMORTIZATION REQUIRED.—A bond shall not be treated as a rural renaissance bond unless it is part of an issue which provides for an equal amount of principal to be paid by the qualified issuer during each calendar year that the issue is outstanding.

''(f) LIMITATION ON AMOUNT OF BONDS DESIGNATED.—

''(1) NATIONAL LIMITATION.—There is a rural renaissance bond limitation of $200,000,000.

''(2) ALLOCATION BY SECRETARY.—The Secretary shall allocate the amount described in paragraph (1) among qualified projects in such manner as the Secretary determines appropriate.

''(g) CREDIT INCLUDED IN GROSS INCOME.—Gross income includes the amount of the credit allowed to the taxpayer under this section (determined without regard to subsection (c)) and the amount so included shall be treated as interest income.

''(h) SPECIAL RULES RELATING TO EXPENDITURES.—

''(1) IN GENERAL.—An issue shall be treated as meeting the requirements of this subsection if, as of the date of issuance, the qualified issuer reasonably expects—

''(A) at least 95 percent of the proceeds from the sale of the issue are to be spent for 1 or more qualified projects within the 5-year period beginning on the date of issuance of the rural renaissance bond,

''(B) a binding commitment with a third party to spend at least 10 percent of the proceeds from the sale of the issue will be incurred within the 6-month period beginning on the date of issuance of the rural renaissance bond or, in the case of a rural renaissance bond, the proceeds of which are to be loaned to 2 or more borrowers, such binding commitment will be incurred within the 6-month period beginning on the date of the loan of such proceeds to a borrower, and

''(C) such projects will be completed with due diligence and the proceeds from the sale of the issue will be spent with due diligence.

''(2) EXTENSION OF PERIOD.—Upon submission of a request prior to the expiration of the period described in paragraph (1)(A), the Secretary may extend such period if the qualified issuer establishes that the failure to satisfy the 5-year requirement is due to reasonable cause and the related projects will continue to proceed with due diligence.

''(3) FAILURE TO SPEND REQUIRED AMOUNT OF BOND PROCEEDS WITHIN 5 YEARS.—To the extent that less than 95 percent of the proceeds of such issue are expended by the close of the 5-year period beginning on the date of issuance (or if an extension has been obtained under paragraph (2), by the close of the extended period), the qualified issuer shall redeem all of the nonqualified bonds within 90 days after the end of such period. For purposes of this paragraph, the amount of the nonqualified bonds required to be redeemed shall be determined in the same manner as under section 142.

''(i) SPECIAL RULES RELATING TO ARBITRAGE.—A bond which is part of an issue shall not be treated as a rural renaissance bond unless, with respect to the issue of which the bond is a part, the qualified issuer satisfies the arbitrage requirements of section 148 with respect to proceeds of the issue.

''(j) QUALIFIED ISSUER.—For purposes of this section—

''(1) IN GENERAL.—The term 'qualified issuer' means any not-for-profit cooperative lender which has as of the date of the enactment of this section received a guarantee under section 306 of the Rural Electrification Act and which meets the requirement of paragraph (2).

''(2) USER FEE REQUIREMENT.—The requirement of this paragraph is met if the issuer of any rural renaissance bond makes grants for qualified projects as defined under subsection (d)(2) on a semi-annual basis every year that such bond is outstanding in an annual amount equal to one-half of the rate on United States Treasury Bills of the same maturity multiplied by the outstanding principal balance of rural renaissance bonds issued by such issuer.

''(k) SPECIAL RULES RELATING TO POOL BONDS.—No portion of a pooled financing bond may be allocable to a loan unless the borrower has entered into a written loan commitment for such portion prior to the issue date of such issue.

''(l) OTHER DEFINITIONS AND SPECIAL RULES.—For purposes of this section—

''(1) BOND.—The term 'bond' includes any obligation.

''(2) POOLED FINANCING BOND.—The term 'pooled financing bond' shall have the meaning given such term by section 149(f)(4)(A).

''(3) RURAL AREA.—The term 'rural area' means any area other than—

''(A) a city or town which has a population of greater than 50,000 inhabitants, or

''(B) the urbanized area contiguous and adjacent to such a city or town.

''(4) PARTNERSHIP; S CORPORATION; AND OTHER PASS-THRU ENTITIES.—

''(A) IN GENERAL.—Under regulations prescribed by the Secretary, in the case of a partnership, trust, S corporation, or other pass-thru entity, rules similar to the rules of section 41(g) shall apply with respect to the credit allowable under subsection (a).

''(B) NO BASIS ADJUSTMENT.—In the case of a bond held by a partnership or an S corporation, rules similar to the rules under section 1397E(l) shall apply.

''(5) BONDS HELD BY REGULATED INVESTMENT COMPANIES.—If any rural renaissance bond is held by a regulated investment company, the credit determined under subsection (a) shall be allowed to shareholders of such company under procedures prescribed by the Secretary.

''(6) REPORTING.—Issuers of rural renaissance bonds shall submit reports similar to the reports required under section 149(e).''.

(b) REPORTING.—Subsection (d) of section 6049 (relating to returns regarding payments of interest) is amended by adding at the end the following new paragraph:

''(9) REPORTING OF CREDIT ON RURAL RENAISSANCE BONDS.—

''(A) IN GENERAL.—For purposes of subsection (a), the term 'interest' includes amounts includible in gross income under section 54A(f) and such amounts shall be treated as paid on the credit allowance date (as defined in section 54A(b)(4)).

''(B) REPORTING TO CORPORATIONS, ETC.—Except as otherwise provided in regulations, in the case of any interest described in subparagraph (A), subsection (b)(4) shall be applied without regard to subparagraphs (A), (H), (I), (J), (K), and (L)(i) of such subsection.

''(C) REGULATORY AUTHORITY.—The Secretary may prescribe such regulations as are necessary or appropriate to carry out the purposes of this paragraph, including regulations which require more frequent or more detailed reporting.''.

(c) CONFORMING AMENDMENTS.—

(1) The table of sections for subpart H of part IV of subchapter A of chapter 1 is amended by adding at the end the following new item:

''Sec. 54A. Credit to holders of rural renaissance bonds.''.

(2) Section 54(c)(2) is amended by inserting '', section 54A,'' after ''subpart C''.

(3) Section 1400N(l)(3)(B) is amended by inserting '', section 54A,'' after ''subpart C''.

(d) ISSUANCE OF REGULATIONS.—The Secretary of Treasury shall issue regulations required under section 54A of the Internal Revenue Code of 1986 (as added by this section) not later than 120 days after the date of the enactment of this Act.

(e) EFFECTIVE DATE.—The amendments made by this section shall apply to bonds issued after the date of the enactment of this Act and before January 1, 2010.

SEC. 254. RESTORATION OF DEDUCTION FOR TRAVEL EXPENSES OF SPOUSE, ETC. ACCOMPANYING TAXPAYER ON BUSINESS TRAVEL.

(a) IN GENERAL.—Subsection (m) of section 274 (relating to additional limitations on travel expenses) is amended by adding at the end the following new paragraph:

''(4) TERMINATION.—Paragraph (3) shall not apply to any expense paid or incurred after the date of the enactment of this paragraph and before January 1, 2008.''.

(b) EFFECTIVE DATE.—The amendment made by this section shall apply to amounts paid or incurred after the date of the enactment of this Act.

SEC. 255. TECHNICAL CORRECTIONS.

(a) TECHNICAL CORRECTION RELATING TO LOOK-THROUGH TREATMENT OF PAYMENTS BETWEEN RELATED CONTROLLED FOREIGN CORPORATIONS UNDER THE FOREIGN PERSONAL HOLDING COMPANY RULES.—

(1) IN GENERAL.—

(A) The first sentence of section 954(c)(6)(A), as amended by section 103(b) of the Tax Increase Prevention and Reconciliation Act of 2005, is amended by striking ''which is not subpart F income'' and inserting ''which is neither subpart F income nor income treated as effectively connected with the conduct of a trade or business in the United States''.

(B) Section 954(c)(6)(A), as so amended, is amended 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) EFFECTIVE DATE.—The amendments made by this subsection shall take effect as if included in section 103(b) of the Tax Increase Prevention and Reconciliation Act of 2005.

(b) TECHNICAL CORRECTION REGARDING AUTHORITY TO EXERCISE REASONABLE CAUSE AND GOOD FAITH EXCEPTION.—

(1) IN GENERAL.—Section 903(d)(2)(B)(iii) of the American Jobs Creation Act of 2004, as amended by section 303(a) of the Gulf Opportunity Zone Act of 2005, is amended by inserting ''or the Secretary's delegate'' after ''the Secretary of the Treasury''.

(2) EFFECTIVE DATE.—The amendment made by this subsection shall take effect as if included in the provisions of the American Jobs Creation Act of 2004 to which it relates.

TITLE III—SURFACE MINING CONTROL AND RECLAMATION ACT AMENDMENTS OF 2006

SEC. 301. SHORT TITLE.

This title may be cited as the ''Surface Mining Control and Reclamation Act Amendments of 2006''.

Subtitle A—MINING CONTROL AND RECLAMATION

SEC. 311. ABANDONED MINE RECLAMATION FUND AND PURPOSES.

(a) IN GENERAL.—Section 401 of the Surface Mining Control and Reclamation Act of 1977 (30 U.S.C. 1231) is amended—

(1) in subsection (c)—

(A) by striking paragraphs (2) and (6); and

(B) by redesignating paragraphs (3), (4), and (5) and paragraphs (7) through (13) as paragraphs (2) through (11), respectively;

(2) by striking subsection (d) and inserting the following:

''(d) AVAILABILITY OF MONEYS; NO FISCAL YEAR LIMITATION.—

''(1) IN GENERAL.—Moneys from the fund for expenditures under subparagraphs (A) through (D) of section 402(g)(3) shall be available only when appropriated for those subparagraphs.

''(2) NO FISCAL YEAR LIMITATION.—Appropriations described in paragraph (1) shall be made without fiscal year limitation.

''(3) OTHER PURPOSES.—Moneys from the fund shall be available for all other purposes of this title without prior appropriation as provided in subsection (f).'';

(3) in subsection (e)—

(A) in the second sentence, by striking ''the needs of such fund'' and inserting ''achieving the purposes of the transfers under section 402(h)''; and

(B) in the third sentence, by inserting before the period the following: ''for the purpose of the transfers under section 402(h)''; and

(4) by adding at the end the following:

''(f) GENERAL LIMITATION ON OBLIGATION AUTHORITY.—

''(1) IN GENERAL.—From amounts deposited into the fund under subsection (b), the Secretary shall distribute during each fiscal year beginning after September 30, 2007, an amount determined under paragraph (2).

''(2) AMOUNTS.—

''(A) FOR FISCAL YEARS 2008 THROUGH 2022.—For each of fiscal years 2008 through 2022, the amount distributed by the Secretary under this subsection shall be equal to—

''(i) the amounts deposited into the fund under paragraphs (1), (2), and (4) of subsection (b) for the preceding fiscal year that were allocated under paragraphs (1) and (5) of section 402(g); plus

''(ii) the amount needed for the adjustment under section 402(g)(8) for the current fiscal year.

''(B) FISCAL YEARS 2023 AND THEREAFTER.—For fiscal year 2023 and each fiscal year thereafter, to the extent that funds are available, the Secretary shall distribute an amount equal to the amount distributed under subparagraph (A) during fiscal year 2022.

''(3) DISTRIBUTION.—

''(A) IN GENERAL.—Except as provided in subparagraph (B), for each fiscal year, of the amount to be distributed to States and Indian tribes pursuant to paragraph (2), the Secretary shall distribute—

''(i) the amounts allocated under paragraph (1) of section 402(g), the amounts allocated under paragraph (5) of section 402(g), and any amount reallocated under section 411(h)(3) in accordance with section 411(h)(2), for grants to States and Indian tribes under section 402(g)(5); and

''(ii) the amounts allocated under section 402(g)(8).

''(B) EXCLUSION.—Beginning on October 1, 2007, certified States shall be ineligible to receive amounts under section 402(g)(1).

''(4) AVAILABILITY.—Amounts in the fund available to the Secretary for obligation under this subsection shall be available until expended.

''(5) ADDITION.—

''(A) IN GENERAL.—Subject to subparagraph (B), the amount distributed under this subsection for each fiscal year shall be in addition to the amount appropriated from the fund during the fiscal year.

''(B) EXCEPTIONS.—Notwithstanding paragraph (3), the amount distributed under this subsection for the first 4 fiscal years beginning on and after October 1, 2007, shall be equal to the following percentage of the amount otherwise required to be distributed:

''(i) 50 percent in fiscal year 2008.

''(ii) 50 percent in fiscal year 2009.

''(iii) 75 percent in fiscal year 2010.

''(iv) 75 percent in fiscal year 2011.''.

(b) CONFORMING AMENDMENT.—Section 712(b) of the Surface Mining Control and Reclamation Act of 1977 (30 U.S.C. 1302(b)) is amended by striking ''section 401(c)(11)'' and inserting ''section 401(c)(9)''.

SEC. 312. RECLAMATION FEE.

(a) AMOUNTS.—

(1) FISCAL YEARS 2008–2012.—Effective October 1, 2007, section 402(a) of the Surface Mining Control and Reclamation Act of 1977 (30 U.S.C. 1232(a)) is amended—

(A) by striking ''35'' and inserting ''31.5'';

(B) by striking ''15'' and inserting ''13.5''; and

(C) by striking ''10 cents'' and inserting ''9 cents''.

(2) FISCAL YEARS 2013–2021.—Effective October 1, 2012, section 402(a) of the Surface Mining Control and Reclamation Act of 1977 (30 U.S.C. 1232(a)) (as amended by paragraph (1)) is amended—

(A) by striking ''31.5'' and inserting ''28'';

(B) by striking ''13.5'' and inserting ''12''; and

(C) by striking ''9 cents'' and inserting ''8 cents''.

(b) DURATION.—Effective September 30, 2007, section 402(b) of the Surface Mining Control and Reclamation Act of 1977 (30 U.S.C. 1232(b)) (as amended by section 7007 of the Emergency Supplemental Appropriations Act for Defense, the Global War on Terror, and Hurricane Recovery, 2006 (Public Law 109–234; 120 Stat. 484)) is amended by striking ''September 30, 2007'' and all that follows through the end of the sentence and inserting ''September 30, 2021.''.

(c) ALLOCATION OF FUNDS.—Section 402(g) of the Surface Mining Control and Reclamation Act of 1977 (30 U.S.C. 1232(g)) is amended—

(1) in paragraph (1)(D)—

(A) by inserting ''(except for grants awarded during fiscal years 2008, 2009, and 2010 to the extent not expended within 5 years)'' after ''this paragraph''; and

(B) by striking ''in any area under paragraph (2), (3), (4), or (5)'' and inserting ''under paragraph (5)'';

(2) by striking paragraph (2) and inserting:

''(2) In making the grants referred to in paragraph (1)(C) and the grants referred to in paragraph (5), the Secretary shall ensure strict compliance by the States and Indian tribes with the priorities described in section 403(a) until a certification is made under section 411(a).'';

(3) in paragraph (3)—

(A) in the matter preceding subparagraph (A), by striking ''paragraphs (2) and'' and inserting ''paragraph'';

(B) in subparagraph (A), by striking ''401(c)(11)'' and inserting ''401(c)(9)''; and

(C) by adding at the end the following:

''(E) For the purpose of paragraph (8).'';

(4) in paragraph (5)—

(A) by inserting ''(A)'' after ''(5)'';

(B) in the first sentence, by striking ''40'' and inserting ''60'';

(C) in the last sentence, by striking ''Funds allocated or expended by the Secretary under paragraphs (2), (3), or (4)'' and inserting ''Funds made available under paragraph (3) or (4)''; and

(D) by adding at the end the following:

''(B) Any amount that is reallocated and available under section 411(h)(3) shall be in addition to amounts that are allocated under subparagraph (A).''; and

(5) by striking paragraphs (6) through (8) and inserting the following:

''(6)(A) Any State with an approved abandoned mine reclamation program pursuant to section 405 may receive and retain, without regard to the 3-year limitation referred to in paragraph (1)(D), up to 30 percent of the total of the grants made annually to the State under paragraphs (1) and (5) if those amounts are deposited into an acid mine drainage abatement and treatment fund established under State law, from which amounts (together with all interest earned on the amounts) are expended by the State for the abatement of the causes and the treatment of the effects of acid mine drainage in a comprehensive manner within qualified hydrologic units affected by coal mining practices.

''(B) In this paragraph, the term 'qualified hydrologic unit' means a hydrologic unit—

''(i) in which the water quality has been significantly affected by acid mine drainage from coal mining practices in a manner that adversely impacts biological resources; and

''(ii) that contains land and water that are—

''(I) eligible pursuant to section 404 and include any of the priorities described in section 403(a); and

''(II) the subject of expenditures by the State from the forfeiture of bonds required under section 509 or from other States sources to abate and treat acid mine drainage.

''(7) In complying with the priorities described in section 403(a), any State or Indian tribe may use amounts available in grants made annually to the State or tribe under paragraphs (1) and (5) for the reclamation of eligible land and water described in section 403(a)(3) before the completion of reclamation projects under paragraphs (1) and (2) of section 403(a) only if the expenditure of funds for the reclamation is done in conjunction with the expenditure before, on, or after the date of enactment of the Surface Mining Control and Reclamation Act Amendments of 2006 of funds for reclamation projects under paragraphs (1) and (2) of section 403(a).

''(8)(A) In making funds available under this title, the Secretary shall ensure that the grant awards total not less than $3,000,000 annually to each State and each Indian tribe having an approved abandoned mine reclamation program pursuant to section 405 and eligible land and water pursuant to section 404, so long as an allocation of funds to the State or tribe is necessary to achieve the priorities stated in paragraphs (1) and (2) of section 403(a).

''(B) Notwithstanding any other provision of law, this paragraph applies to the States of Tennessee and Missouri.''.

(d) TRANSFERS OF INTEREST EARNED BY ABANDONED MINE RECLAMATION FUND.—Section 402 of the Surface Mining Control and Reclamation Act of 1977 (30 U.S.C. 1232) is amended by striking subsection (h) and inserting the following:

''(h) TRANSFERS OF INTEREST EARNED BY FUND.—

''(1) IN GENERAL.—

''(A) TRANSFERS TO COMBINED BENEFIT FUND.—As soon as practicable after the beginning of fiscal year 2007 and each fiscal year thereafter, and before making any allocation with respect to the fiscal year under subsection (g), the Secretary shall use an amount not to exceed the amount of interest that the Secretary estimates will be earned and paid to the fund during the fiscal year to make the transfer described in paragraph (2)(A).

''(B) TRANSFERS TO 1992 AND 1993 PLANS.—As soon as practicable after the beginning of fiscal year 2008 and each fiscal year thereafter, and before making any allocation with respect to the fiscal year under subsection (g),

the Secretary shall use an amount not to exceed the amount of interest that the Secretary estimates will be earned and paid to the fund during the fiscal year (reduced by the amount used under subparagraph (A)) to make the transfers described in paragraphs (2)(B) and (2)(C).

''(2) TRANSFERS DESCRIBED.—The transfers referred to in paragraph (1) are the following:

''(A) UNITED MINE WORKERS OF AMERICA COMBINED BENEFIT FUND.—A transfer to the United Mine Workers of America Combined Benefit Fund equal to the amount that the trustees of the Combined Benefit Fund estimate will be expended from the fund for the fiscal year in which the transfer is made, reduced by—

''(i) the amount the trustees of the Combined Benefit Fund estimate the Combined Benefit Fund will receive during the fiscal year in—

''(I) required premiums; and

''(II) payments paid by Federal agencies in connection with benefits provided by the Combined Benefit Fund; and

''(ii) the amount the trustees of the Combined Benefit Fund estimate will be expended during the fiscal year to provide health benefits to beneficiaries who are unassigned beneficiaries solely as a result of the application of section 9706(h)(1) of the Internal Revenue Code of 1986, but only to the extent that such amount does not exceed the amounts described in subsection (i)(1)(A) that the Secretary estimates will be available to pay such estimated expenditures.

''(B) UNITED MINE WORKERS OF AMERICA 1992 BENEFIT PLAN.—A transfer to the United Mine Workers of America 1992 Benefit Plan, in an amount equal to the difference between—

''(i) the amount that the trustees of the 1992 UMWA Benefit Plan estimate will be expended from the 1992 UMWA Benefit Plan during the next calendar year to provide the benefits required by the 1992 UMWA Benefit Plan on the date of enactment of this subparagraph; minus

''(ii) the amount that the trustees of the 1992 UMWA Benefit Plan estimate the 1992 UMWA Benefit Plan will receive during the next calendar year in—

''(I) required monthly per beneficiary premiums, including the amount of any security provided to the 1992 UMWA Benefit Plan that is available for use in the provision of benefits; and

''(II) payments paid by Federal agencies in connection with benefits provided by the 1992 UMWA benefit plan.

''(C) MULTIEMPLOYER HEALTH BENEFIT PLAN.—A transfer to the Multiemployer Health Benefit Plan established after July 20, 1992, by the parties that are the settlors of the 1992 UMWA Benefit Plan referred to in subparagraph (B) (referred to in this subparagraph and subparagraph (D) as 'the Plan'), in an amount equal to the excess (if any) of—

''(i) the amount that the trustees of the Plan estimate will be expended from the Plan during the next calendar year, to provide benefits no greater than those provided by the Plan as of December 31, 2006; over

''(ii) the amount that the trustees estimated the Plan will receive during the next calendar year in payments paid by Federal agencies in connection with benefits provided by the Plan.

Such excess shall be calculated by taking into account only those beneficiaries actually enrolled in the Plan as of December 31, 2006, who are eligible to receive benefits under the Plan on the first day of the calendar year for which the transfer is made.

''(D) INDIVIDUALS CONSIDERED ENROLLED.—For purposes of subparagraph (C), any individual who was eligible to receive benefits from the Plan as of the date of enactment of this subsection, even though benefits were being provided to the individual pursuant to a settlement agreement approved by order of a bankruptcy court entered on or before September 30, 2004, will be considered to be actually enrolled in the Plan and shall receive benefits from the Plan beginning on December 31, 2006.

''(3) ADJUSTMENT.—If, for any fiscal year, the amount of a transfer under subparagraph (A), (B), or (C) of paragraph (2) is more or less than the amount required to be transferred under that subparagraph, the Secretary shall appropriately adjust the amount transferred under that subparagraph for the next fiscal year.

''(4) ADDITIONAL AMOUNTS.—

''(A) PREVIOUSLY CREDITED INTEREST.—Notwithstanding any other provision of law, any interest credited to the fund that has not previously been transferred to the Combined Benefit Fund referred to in paragraph (2)(A) under this section—

''(i) shall be held in reserve by the Secretary until such time as necessary to make the payments under subparagraphs (A) and (B) of subsection (i)(1), as described in clause (ii); and

''(ii) in the event that the amounts described in subsection (i)(1) are insufficient to make the maximum payments described in subparagraphs (A) and (B) of subsection (i)(1), shall be used by the Secretary to supplement the payments so that the maximum amount permitted under those paragraphs is paid.

''(B) PREVIOUSLY ALLOCATED AMOUNTS.—All amounts allocated under subsection (g)(2) before the date of enactment of this subparagraph for the program described in section 406, but not appropriated before that date, shall be available to the Secretary to make the transfers described in paragraph (2).

''(C) ADEQUACY OF PREVIOUSLY CREDITED INTEREST.—The Secretary shall—

''(i) consult with the trustees of the plans described in paragraph (2) at reasonable intervals; and

''(ii) notify Congress if a determination is made that the amounts held in reserve under subparagraph (A) are insufficient to meet future requirements under subparagraph (A)(ii).

''(D) ADDITIONAL RESERVE AMOUNTS.—In addition to amounts held in reserve under subparagraph (A), there is authorized to be appropriated such sums as may be necessary for transfer to the fund to carry out the purposes of subparagraph (A)(ii).

''(E) INAPPLICABILITY OF CAP.—The limitation described in subsection (i)(3)(A) shall not apply to payments made from the reserve fund under this paragraph.

''(5) LIMITATIONS.—

''(A) AVAILABILITY OF FUNDS FOR NEXT FISCAL YEAR.—The Secretary may make transfers under subparagraphs (B) and (C) of paragraph (2) for a calendar year only if the Secretary determines, using actuarial projections provided by the trustees of the Combined Benefit Fund referred to in paragraph (2)(A), that amounts will be available under paragraph (1), after the transfer, for the next fiscal year for making the transfer under paragraph (2)(A).

''(B) RATE OF CONTRIBUTIONS OF OBLIGORS.—

''(i) IN GENERAL.—

''(I) RATE.—A transfer under paragraph (2)(C) shall not be made for a calendar year unless the persons that are obligated to contribute to the plan referred to in paragraph (2)(C) on the date of the transfer are obligated to make the contributions at rates that are no less than those in effect on the date which is 30 days before the date of enactment of this subsection.

''(II) APPLICATION.—The contributions described in subclause (I) shall be applied first to the provision of benefits to those plan beneficiaries who are not described in paragraph (2)(C)(ii).

''(ii) INITIAL CONTRIBUTIONS.—

''(I) IN GENERAL.—From the date of enactment of the Surface Mining Control and Reclamation Act Amendments of 2006 through December 31, 2010, the persons that, on the date of enactment of that Act, are obligated to contribute to the plan referred to in paragraph (2)(C) shall be obligated, collectively, to make contributions equal to the amount described in paragraph (2)(C), less the amount actually transferred due to the operation of subparagraph (C).

''(II) FIRST CALENDAR YEAR.—Calendar year 2006 is the first calendar year for which contributions are required under this clause.

''(III) AMOUNT OF CONTRIBUTION FOR 2006.—Except as provided in subclause (IV), the amount described in paragraph (2)(C) for calendar year 2006 shall be calculated as if paragraph (2)(C) had been in effect during 2005.

''(IV) LIMITATION.—The contributions required under this clause for calendar year 2006 shall not exceed the amount necessary for solvency of the plan described in paragraph (2)(C), measured as of December 31, 2006 and taking into account all assets held by the plan as of that date.

''(iii) DIVISION.—The collective annual contribution obligation required under clause (ii) shall be divided among the persons subject to the obligation, and applied uniformly, based on the hours worked for which contributions referred to in clause (i) would be owed.

''(C) PHASE-IN OF TRANSFERS.—For each of calendar years 2008 through 2010, the transfers required under subparagraphs (B) and (C) of paragraph (2) shall equal the following amounts:

''(i) For calendar year 2008, the Secretary shall make transfers equal to 25 percent of the amounts that would otherwise be required under subparagraphs (B) and (C) of paragraph (2).

''(ii) For calendar year 2009, the Secretary shall make transfers equal to 50 percent of the amounts that would otherwise be required under subparagraphs (B) and (C) of paragraph (2).

''(iii) For calendar year 2010, the Secretary shall make transfers equal to 75 percent of the amounts that would otherwise be required under subparagraphs (B) and (C) of paragraph (2).

''(i) FUNDING.—

''(1) IN GENERAL.—Subject to paragraph (3), out of any funds in the Treasury not otherwise appropriated, the Secretary of the Treasury shall transfer to the plans described in subsection (h)(2) such sums as are necessary to pay the following amounts:

''(A) To the Combined Fund (as defined in section 9701(a)(5) of the Internal Revenue Code of 1986 and referred to in this paragraph as the 'Combined Fund'), the amount that the trustees of the Combined Fund estimate will be expended from premium accounts maintained by the Combined Fund for the fiscal year to provide benefits for beneficiaries who are unassigned beneficiaries solely as a result of the application of section 9706(h)(1) of the Internal Revenue Code of 1986, subject to the following limitations:

''(i) For fiscal year 2008, the amount paid under this subparagraph shall equal—

''(I) the amount described in subparagraph (A); minus

''(II) the amounts required under section 9706(h)(3)(A) of the Internal Revenue Code of 1986.

''(ii) For fiscal year 2009, the amount paid under this subparagraph shall equal—

''(I) the amount described in subparagraph (A); minus

''(II) the amounts required under section 9706(h)(3)(B) of the Internal Revenue Code of 1986.

''(iii) For fiscal year 2010, the amount paid under this subparagraph shall equal—

''(I) the amount described in subparagraph (A); minus

''(II) the amounts required under section 9706(h)(3)(C) of the Internal Revenue Code of 1986.

''(B) On certification by the trustees of any plan described in subsection (h)(2) that the amount available for transfer by the Secretary pursuant to this section (determined after application of any limitation under subsection (h)(5)) is less than the amount required to be transferred, to the plan the amount necessary to meet the requirement of subsection (h)(2).

''(C) To the Combined Fund, $9,000,000 on October 1, 2007, $9,000,000 on October 1, 2008, and $9,000,000 on October 1, 2009 (which amounts shall not be exceeded) to provide a refund of any premium (as described in section 9704(a) of the Internal Revenue Code of 1986) paid on or before September 7, 2000, to the Combined Fund, plus interest on the premium calculated at the rate of 7.5 percent per year, on a proportional basis and to be paid not later than 60 days after the date on which each payment is received by the Combined Fund, to those signatory operators (to the extent that the Combined Fund has not previously returned the premium amounts to the operators), or any related persons to the operators (as defined in section 9701(c) of the Internal Revenue Code of 1986), or their heirs, successors, or assigns who have been denied the refunds as the result of final judgments or settlements if—

''(i) prior to the date of enactment of this paragraph, the signatory operator (or any related person to the operator)—

''(I) had all of its beneficiary assignments made under section 9706 of the Internal Revenue Code of 1986 voided by the Commissioner of the Social Security Administration; and

''(II) was subject to a final judgment or final settlement of litigation adverse to a claim by the operator that the assignment of beneficiaries under section 9706 of the Internal Revenue Code of 1986 was unconstitutional as applied to the operator; and

''(ii) on or before September 7, 2000, the signatory operator (or any related person to the operator) had paid to the Combined Fund any premium amount that had not been refunded.

''(2) PAYMENTS TO STATES AND INDIAN TRIBES.—Subject to paragraph (3), out of any funds in the Treasury not otherwise appropriated, the Secretary of the Treasury shall transfer to the Secretary of the Interior for distribution to States and Indian tribes such sums as are necessary to pay amounts described in paragraphs (1)(A) and (2)(A) of section 411(h).

''(3) LIMITATIONS.—

''(A) CAP.—The total amount transferred under this subsection for any fiscal year shall not exceed $490,000,000.

''(B) INSUFFICIENT AMOUNTS.—In a case in which the amount required to be transferred without regard to this paragraph exceeds the maximum annual limitation in subparagraph (A), the Secretary shall adjust the transfers of funds so that—

''(i) each transfer for the fiscal year is a percentage of the amount described;

''(ii) the amount is determined without regard to subsection (h)(5)(A); and

''(iii) the percentage transferred is the same for all transfers made under this subsection for the fiscal year.

''(4) AVAILABILITY OF FUNDS.—Funds shall be transferred under paragraph (1) and (2) beginning in fiscal year 2008 and each fiscal year thereafter, and shall remain available until expended.''.

SEC. 313. OBJECTIVES OF FUND.

Section 403 of the Surface Mining Control and Reclamation Act of 1977 (30 U.S.C. 1233) is amended—

(1) in subsection (a)—

(A) in paragraph (1)—

(i) by striking ''(1) the protection'' and inserting the following:

''(1)(A) the protection;'';

(ii) in subparagraph (A) (as designated by clause (i)), by striking ''general welfare,''; and

(iii) by adding at the end the following:

''(B) the restoration of land and water resources and the environment that—

''(i) have been degraded by the adverse effects of coal mining practices; and

''(ii) are adjacent to a site that has been or will be remediated under subparagraph (A);'';

(B) in paragraph (2)—

(i) by striking ''(2) the protection'' and inserting the following:

''(2)(A) the protection'';

(ii) in subparagraph (A) (as designated by clause (i), by striking ''health, safety, and general welfare'' and inserting ''health and safety''; and

(iii) by adding at the end the following:

''(B) the restoration of land and water resources and the environment that—

''(i) have been degraded by the adverse effects of coal mining practices; and

''(ii) are adjacent to a site that has been or will be remediated under subparagraph (A); and'';

(C) in paragraph (3), by striking the semicolon at the end and inserting a period; and

(D) by striking paragraphs (4) and (5);

(2) in subsection (b)—

(A) by striking the subsection heading and inserting ''WATER SUPPLY RESTORATION.—''; and

(B) in paragraph (1), by striking ''up to 30 percent of the''; and

(3) in the second sentence of subsection (c), by inserting '', subject to the approval of the Secretary,'' after ''amendments''.

SEC. 314. RECLAMATION OF RURAL LAND.

(a) ADMINISTRATION.—Section 406(h) of the Surface Mining Control and Reclamation Act of 1977 (30 U.S.C. 1236(h)) is amended by striking ''Soil Conservation Service'' and inserting ''Natural Resources Conservation Service''.

(b) AUTHORIZATION OF APPROPRIATIONS FOR CARRYING OUT RURAL LAND RECLAMATION.—Section 406 of the Surface Mining Control and Reclamation Act of 1977 (30 U.S.C. 1236) is amended by adding at the end the following:

''(i) There are authorized to be appropriated to the Secretary of Agriculture, from amounts in the Treasury other than amounts in the fund, such sums as may be necessary to carry out this section.''.

SEC. 315. LIENS.

Section 408(a) of the Surface Mining Control and Reclamation Act of 1977 (30 U.S.C. 1238) is amended in the last sentence by striking ''who owned the surface prior to May 2, 1977, and''.

SEC. 316. CERTIFICATION.

Section 411 of the Surface Mining Control and Reclamation Act of 1977 (30 U.S.C. 1240a) is amended—

(1) in subsection (a)—

(A) by inserting ''(1)'' before the first sentence; and

(B) by adding at the end the following:

''(2)(A) The Secretary may, on the initiative of the Secretary, make the certification referred to in paragraph (1) on behalf of any State or Indian tribe referred to in paragraph (1) if on the basis of the inventory referred to in section 403(c) all reclamation projects relating to the priorities described in section 403(a) for eligible land and water pursuant to section 404 in the State or tribe have been completed.

''(B) The Secretary shall only make the certification after notice in the Federal Register and opportunity for public comment.''; and

(2) by adding at the end the following:

''(h) PAYMENTS TO STATES AND INDIAN TRIBES.—

''(1) IN GENERAL.—

''(A) PAYMENTS.—

''(i) IN GENERAL.—Notwithstanding section 401(f)(3)(B), from funds referred to in section 402(i)(2), the Secretary shall make payments to States or Indian tribes for the amount due for the aggregate unappropriated amount allocated to the State or Indian tribe under subparagraph (A) or (B) of section 402(g)(1).

''(ii) CONVERSION AS EQUIVALENT PAYMENTS.—Amounts allocated under subparagraphs (A) or (B) of section 402(g)(1) shall be reallocated to the allocation established in section 402(g)(5) in amounts equivalent to payments made to States or Indian tribes under this paragraph.

''(B) AMOUNT DUE.—In this paragraph, the term 'amount due' means the unappropriated amount allocated to a State or Indian tribe before October 1, 2007, under subparagraph (A) or (B) of section 402(g)(1).

''(C) SCHEDULE.—Payments under subparagraph (A) shall be made in 7 equal annual installments, beginning with fiscal year 2008.

''(D) USE OF FUNDS.—

''(i) CERTIFIED STATES AND INDIAN TRIBES.—A State or Indian tribe that makes a certification under subsection (a) in which the Secretary concurs shall use any amounts provided under this paragraph for the purposes established by the State legislature or tribal council of the Indian tribe, with priority given for addressing the impacts of mineral development.

''(ii) UNCERTIFIED STATES AND INDIAN TRIBES.—A State or Indian tribe that has not made a certification under subsection (a) in which the Secretary has concurred shall use any amounts provided under this paragraph for the purposes described in section 403.

''(2) SUBSEQUENT STATE AND INDIAN TRIBE SHARE FOR CERTIFIED STATES AND INDIAN TRIBES.—

''(A) IN GENERAL.—Notwithstanding section 401(f)(3)(B), from funds referred to in section 402(i)(2), the Secretary shall pay to each certified State or Indian tribe an amount equal to the sum of the aggregate unappropriated amount allocated on or after October 1, 2007, to the certified State or Indian tribe under subparagraph (A) or (B) of section 402(g)(1).

''(B) CERTIFIED STATE OR INDIAN TRIBE DEFINED.—In this paragraph the term 'certified State or Indian tribe' means a State or Indian tribe for which a certification is made under subsection (a) in which the Secretary concurs.

''(3) MANNER OF PAYMENT.—

''(A) IN GENERAL.—Subject to subparagraph (B), payments to States or Indian tribes under this subsection shall be made without regard to any limitation in section 401(d) and concurrently with payments to States under that section.

''(B) INITIAL PAYMENTS.—The first 3 payments made to any State or Indian tribe shall be reduced to 25 percent, 50 percent, and 75 percent, respectively, of the amounts otherwise required under paragraph (2)(A).

''(C) INSTALLMENTS.—Amounts withheld from the first 3 annual installments as provided under subparagraph (B) shall be paid in 2 equal annual installments beginning with fiscal year 2018.

''(4) REALLOCATION.—

''(A) IN GENERAL.—The amount allocated to any State or Indian tribe under subparagraph (A) or (B) of section 402(g)(1) that is paid to the State or Indian tribe as a result of a payment under paragraph (1) or (2) shall be reallocated and available for grants under section 402(g)(5).

''(B) ALLOCATION.—The grants shall be allocated based on the amount of coal historically produced before August 3, 1977, in the same manner as under section 402(g)(5).''.

SEC. 317. REMINING INCENTIVES.

Title IV of the Surface Mining Control and Reclamation Act of 1977 (30 U.S.C. 1231 et seq.) is amended by adding at the following:

''SEC. 415. REMINING INCENTIVES.

''(a) IN GENERAL.—Notwithstanding any other provision of this Act, the Secretary may, after opportunity for public comment, promulgate regulations that describe conditions under which amounts in the fund may be used to provide incentives to promote remining of eligible land under section 404 in a manner that leverages the use of amounts from the fund to achieve more reclamation with respect to the eligible land than would be achieved without the incentives.

''(b) REQUIREMENTS.—Any regulations promulgated under subsection (a) shall specify that the incentives shall apply only if the Secretary determines, with the concurrence of the State regulatory authority referred to in title V, that, without the incentives, the eligible land would not be likely to be remined and reclaimed.

''(c) INCENTIVES.—

''(1) IN GENERAL.—Incentives that may be considered for inclusion in the regulations promulgated under subsection (a) include, but are not limited to—

''(A) a rebate or waiver of the reclamation fees required under section 402(a); and

''(B) the use of amounts in the fund to provide financial assurance for remining operations in lieu of all or a portion of the performance bonds required under section 509.

''(2) LIMITATIONS.—

''(A) USE.—A rebate or waiver under paragraph (1)(A) shall be used only for operations that—

''(i) remove or reprocess abandoned coal mine waste; or

''(ii) conduct remining activities that meet the priorities specified in paragraph (1) or (2) of section 403(a).

''(B) AMOUNT.—The amount of a rebate or waiver provided as an incentive under paragraph (1)(A) to remine or reclaim eligible land shall not exceed the estimated cost of reclaiming the eligible land under this section.''.

SEC. 318. EXTENSION OF LIMITATION ON APPLICATION OF PROHIBITION ON ISSUANCE OF PERMIT.

Section 510(e) of the Surface Mining Control and Reclamation Act of 1977 (30 U.S.C. 1260(e)) is amended by striking the last sentence.

SEC. 319. TRIBAL REGULATION OF SURFACE COAL MINING AND RECLAMATION OPERATIONS.

(a) IN GENERAL.—Section 710 of the Surface Mining Control and Reclamation Act of 1977 (30 U.S.C. 1300) is amended by adding at the end the following:

''(j) TRIBAL REGULATORY AUTHORITY.—

''(1) TRIBAL REGULATORY PROGRAMS.—

''(A) IN GENERAL.—Notwithstanding any other provision of law, an Indian tribe may apply for, and obtain the approval of, a tribal program under section 503 regulating in whole or in part surface coal mining and reclamation operations on reservation land under the jurisdiction of the Indian tribe using the procedures of section 504(e).

''(B) REFERENCES TO STATE.—For purposes of this subsection and the implementation and administration of a tribal program under title V, any reference to a 'State' in this Act shall be considered to be a reference to a 'tribe'.

''(2) CONFLICTS OF INTEREST.—

''(A) IN GENERAL.—The fact that an individual is a member of an Indian tribe does not in itself constitute a violation of section 201(f).

''(B) EMPLOYEES OF TRIBAL REGULATORY AUTHORITY.—Any employee of a tribal regulatory authority shall not be eligible for a per capita distribution of any proceeds from coal mining operations conducted on Indian reservation lands under this Act.

''(3) SOVEREIGN IMMUNITY.—To receive primary regulatory authority under section 504(e), an Indian tribe shall waive sovereign immunity for purposes of section 520 and paragraph (4).

''(4) JUDICIAL REVIEW.—

''(A) CIVIL ACTIONS.—

''(i) IN GENERAL.—After exhausting all tribal remedies with respect to a civil action arising under a tribal program approved under section 504(e), an interested party may file a petition for judicial review of the civil action in the United States circuit court for the circuit in which the surface coal mining operation named in the petition is located.

''(ii) SCOPE OF REVIEW.—

''(I) QUESTIONS OF LAW.—The United States circuit court shall review de novo any questions of law under clause (i).

''(II) FINDINGS OF FACT.—The United States circuit court shall review findings of fact under clause (i) using a clearly erroneous standard.

''(B) CRIMINAL ACTIONS.—Any criminal action brought under section 518 with respect to surface coal mining or reclamation operations on Indian reservation lands shall be brought in—

''(i) the United States District Court for the District of Columbia; or

''(ii) the United States district court in which the criminal activity is alleged to have occurred.

''(5) GRANTS.—

''(A) IN GENERAL.—Except as provided in subparagraph (B), grants for developing, administering, and enforcing tribal programs approved in accordance with section 504(e) shall be provided to an Indian tribe in accordance with section 705.

''(B) EXCEPTION.—Notwithstanding subparagraph (A), the Federal share of the costs of developing, administering, and enforcing an approved tribal program shall be 100 percent.

''(6) REPORT.—Not later than 18 months after the date on which a tribal program is approved under subsection (e) of section 504, the Secretary shall submit to the appropriate committees of Congress a report, developed in cooperation with the applicable Indian tribe, on the tribal program that includes a recommendation of the Secretary on whether primary regulatory authority under that subsection should be expanded to include additional Indian lands.''.

(b) CONFORMING AMENDMENT.—Section 710(i) of the Surface Mining Control and Reclamation Act of 1977 (30 U.S.C. 1300(i)) is amended in the first sentence by striking '', except'' and all that follows through ''section 503''.

Subtitle B—Coal Industry Retiree Health Benefit Act

SEC. 321. CERTAIN RELATED PERSONS AND SUCCESSORS IN INTEREST RELIEVED OF LIABILITY IF PREMIUMS PREPAID.

(a) COMBINED BENEFIT FUND.—

(1) IN GENERAL.—Section 9704 of the Internal Revenue Code of 1986 (relating to liability of assigned operators) is amended by adding at the end the following new subsection:

''(j) PREPAYMENT OF PREMIUM LIABILITY.—

''(1) IN GENERAL.—If—

''(A) a payment meeting the requirements of paragraph (3) is made to the Combined Fund by or on behalf of—

''(i) any assigned operator to which this subsection applies, or

''(ii) any related person to any assigned operator described in clause (i), and

''(B) the common parent of the controlled group of corporations described in paragraph (2)(B) is jointly and severally liable for any premium under this section which (but for this subsection) would be required to be paid by the assigned operator or related person, then such common parent (and no other person) shall be liable for such premium.

''(2) ASSIGNED OPERATORS TO WHICH SUBSECTION APPLIES.—

''(A) IN GENERAL.—This subsection shall apply to any assigned operator if—

''(i) the assigned operator (or a related person to the assigned operator)—

''(I) made contributions to the 1950 UMWA Benefit Plan and the 1974 UMWA Benefit Plan for employment during the period covered by the 1988 agreement; and

''(II) is not a 1988 agreement operator,

''(ii) the assigned operator (and all related persons to the assigned operator) are not actively engaged in the production of coal as of July 1, 2005, and

''(iii) the assigned operator was, as of July 20, 1992, a member of a controlled group of corporations described in subparagraph (B).

''(B) CONTROLLED GROUP OF CORPORATIONS.—A controlled group of corporations is described in this subparagraph if the common parent of such group is a corporation the shares of which are publicly traded on a United States exchange.

''(C) COORDINATION WITH REPEAL OF ASSIGNMENTS.—A person shall not fail to be treated as an assigned operator to which this subsection applies solely because the person ceases to be an assigned operator by reason of section 9706(h)(1) if the person otherwise meets the requirements of this subsection and is liable for the payment of premiums under section 9706(h)(3).

''(D) CONTROLLED GROUP.—For purposes of this subsection, the term 'controlled group of corporations' has the meaning given such term by section 52(a).

''(3) REQUIREMENTS.—A payment meets the requirements of this paragraph if—

''(A) the amount of the payment is not less than the present value of the total premium liability under this chapter with respect to the Combined Fund of the assigned operators or related persons described in paragraph (1) or their assignees, as determined by the operator's or related person's enrolled actuary (as defined in section 7701(a)(35)) using actuarial methods and assumptions each of which is reasonable and which are reasonable in the aggregate, as determined by such enrolled actuary;

''(B) such enrolled actuary files with the Secretary of Labor a signed actuarial report containing—

''(i) the date of the actuarial valuation applicable to the report; and

''(ii) a statement by the enrolled actuary signing the report that, to the best of the actuary's knowledge, the report is complete and accurate and that in the actuary's opinion the actuarial assumptions used are in the aggregate reasonably related to the experience of the operator and to reasonable expectations; and

''(C) 90 calendar days have elapsed after the report required by subparagraph (B) is filed with the Secretary of Labor, and the Secretary of Labor has not notified the assigned operator in writing that the requirements of this paragraph have not been satisfied.

''(4) USE OF PREPAYMENT.—The Combined Fund shall—

''(A) establish and maintain an account for each assigned operator or related person by, or on whose behalf, a payment described in paragraph (3) was made,

''(B) credit such account with such payment (and any earnings thereon), and

''(C) use all amounts in such account exclusively to pay premiums that would (but for this subsection) be required to be paid by the assigned operator.

Upon termination of the obligations for the premium liability of any assigned operator or related person for which such account is maintained, all funds remaining in such account (and earnings thereon) shall be refunded to such person as may be designated by the common parent described in paragraph (1)(B).''.

(b) INDIVIDUAL EMPLOYER PLANS.—Section 9711(c) of the Internal Revenue Code of 1986 (relating to joint and several liability) is amended to read as follows:

''(c) JOINT AND SEVERAL LIABILITY OF RELATED PERSONS.—

''(1) IN GENERAL.—Except as provided in paragraph (2), each related person of a last signatory operator to which subsection (a) or (b) applies shall be jointly and severally liable with the last signatory operator for the provision of health care coverage described in subsection (a) or (b).

''(2) LIABILITY LIMITED IF SECURITY PROVIDED.—If—

''(A) security meeting the requirements of paragraph (3) is provided by or on behalf of—

''(i) any last signatory operator which is an assigned operator described in section 9704(j)(2), or

''(ii) any related person to any last signatory operator described in clause (i), and

''(B) the common parent of the controlled group of corporations described in section 9704(j)(2)(B) is jointly and severally liable for the provision of health care under this section which, but for this paragraph, would be required to be provided by the last signatory operator or related person,

then, as of the date the security is provided, such common parent (and no other person) shall be liable for the provision of health care under this section which the last signatory operator or related person would otherwise be required to provide. Security may be provided under this paragraph without regard to whether a payment was made under section 9704(j).

''(3) SECURITY.—Security meets the requirements of this paragraph if—

''(A) the security—

''(i) is in the form of a bond, letter of credit, or cash escrow,

''(ii) is provided to the trustees of the 1992 UMWA Benefit Plan solely for the purpose of paying premiums for beneficiaries who would be described in section 9712(b)(2)(B) if the requirements of this section were not met by the last signatory operator, and

''(iii) is in an amount equal to 1 year of liability of the last signatory operator under this section, determined by using the average cost of such operator's liability during the prior 3 calendar years;

''(B) the security is in addition to any other security required under any other provision of this title; and

''(C) the security remains in place for 5 years.

''(4) REFUNDS OF SECURITY.—The remaining amount of any security provided under this subsection (and earnings thereon) shall be refunded to the last signatory operator as of the earlier of—

''(A) the termination of the obligations of the last signatory operator under this section, or

''(B) the end of the 5-year period described in paragraph (4)(C).''.

(c) 1992 UMWA BENEFIT PLAN.—Section 9712(d)(4) of the Internal Revenue Code of 1986 (relating to joint and several liability) is amended by adding at the end the following new sentence: ''The provisions of section 9711(c)(2) shall apply to any last signatory operator described in such section (without regard to whether security is provided under such section, a payment is made under section 9704(j), or both) and if security meeting the requirements of section 9711(c)(3) is provided, the common parent described in section 9711(c)(2)(B) shall be exclusively responsible for any liability for premiums under this section which, but for this sentence, would be required to be paid by the last signatory operator or any related person.''.

(d) SUCCESSOR IN INTEREST.—Section 9701(c) of the Internal Revenue Code of 1986 (relating to terms relating to operators) is amended by adding at the end the following new paragraph:

''(8) SUCCESSOR IN INTEREST.—

''(A) SAFE HARBOR.—The term 'successor in interest' shall not include any person who—

''(i) is an unrelated person to an eligible seller described in subparagraph (C); and

''(ii) purchases for fair market value assets, or all of the stock, of a related person to such seller, in a bona fide, arm's-length sale.

''(B) UNRELATED PERSON.—The term 'unrelated person' means a purchaser who does not bear a relationship to the eligible seller described in section 267(b).

''(C) ELIGIBLE SELLER.—For purposes of this paragraph, the term 'eligible seller' means an assigned operator described in section 9704(j)(2) or a related person to such assigned operator.''.

(e) EFFECTIVE DATE.—The amendments made by this section shall take effect on the date of the enactment of this Act, except that the amendment made by subsection (d) shall apply to transactions after the date of the enactment of this Act.

SEC. 322. TRANSFERS TO FUNDS; PREMIUM RELIEF.

(a) COMBINED FUND.—

(1) FEDERAL TRANSFERS.—Section 9705(b) of the Internal Revenue Code of 1986 (relating to transfers from Abandoned Mine Reclamation Fund) is amended—

(A) in paragraph (1), by striking ''section 402(h)'' and inserting ''subsections (h) and (i) of section 402'';

(B) by striking paragraph (2) and inserting the following new paragraph:

''(2) USE OF FUNDS.—Any amount transferred under paragraph (1) for any fiscal year shall be used to pay benefits and administrative costs of beneficiaries of the Combined Fund or for such other purposes as are specifically provided in the Acts described in paragraph (1).''; and

(C) by striking ''FROM ABANDONED MINE RECLAMATION FUND''.

(2) MODIFICATIONS OF PREMIUMS TO REFLECT FEDERAL TRANSFERS.—

(A) ELIMINATION OF UNASSIGNED BENEFICIARIES PREMIUM.—Section 9704(d) of such Code (establishing unassigned beneficiaries premium) is amended to read as follows:

''(d) UNASSIGNED BENEFICIARIES PREMIUM.—

''(1) PLAN YEARS ENDING ON OR BEFORE SEPTEMBER 30, 2006.—For plan years ending on or before September 30, 2006, the unassigned beneficiaries premium for any assigned operator shall be equal to the applicable percentage of the product of the per beneficiary premium for the plan year multiplied by the number of eligible beneficiaries who are not assigned under section 9706 to any person for such plan year.

''(2) PLAN YEARS BEGINNING ON OR AFTER OCTOBER 1, 2006.—

''(A) IN GENERAL.—For plan years beginning on or after October 1, 2006, subject to subparagraph (B), there shall be no unassigned beneficiaries premium, and benefit costs with respect to eligible beneficiaries who are not assigned under section 9706 to any person for any such plan year shall be paid from amounts transferred under section 9705(b).

''(B) INADEQUATE TRANSFERS.—If, for any plan year beginning on or after October 1, 2006, the amounts transferred under section 9705(b) are less than the amounts required to be transferred to the Combined Fund under subsection (h)(2)(A) or (i) of section 402 of the Surface Mining Control and Reclamation Act of 1977 (30 U.S.C. 1232)), then the unassigned beneficiaries premium for any assigned operator shall be equal to the operator's applicable percentage of the amount required to be so transferred which was not so transferred.''.

(B) PREMIUM ACCOUNTS.—

(i) CREDITING OF ACCOUNTS.—Section 9704(e)(1) of such Code (relating to premium accounts; adjustments) is amended by inserting ''and amounts transferred under section 9705(b)'' after ''premiums received''.

(ii) SURPLUSES ATTRIBUTABLE TO PUBLIC FUNDING.—Section 9704(e)(3)(A) of such Code is amended by adding at the end the following new sentence: ''Amounts credited to an account from amounts transferred under section 9705(b) shall not be taken into account in determining whether there is a surplus in the account for purposes of this paragraph.''

(C) APPLICABLE PERCENTAGE.—Section 9704(f)(2) of such Code (relating to annual adjustments) is amended by adding at the end the following new subparagraph:

''(C) In the case of plan years beginning on or after October 1, 2007, the total number of assigned eligible beneficiaries shall be reduced by the eligible beneficiaries whose assignments have been revoked under section 9706(h).''.

(3) ASSIGNMENTS AND REASSIGNMENT.—Section 9706 of the Internal Revenue Code of 1986 (relating to assignment of eligible beneficiaries) is amended by adding at the end the following:

''(h) ASSIGNMENTS AS OF OCTOBER 1, 2007.—

''(1) IN GENERAL.—Subject to the premium obligation set forth in paragraph (3), the Commissioner of Social Security shall—

''(A) revoke all assignments to persons other than 1988 agreement operators for purposes of assessing premiums for plan years beginning on and after October 1, 2007; and

''(B) make no further assignments to persons other than 1988 agreement operators, except that no individual who becomes an unassigned beneficiary by reason of subparagraph (A) may be assigned to a 1988 agreement operator.

''(2) REASSIGNMENT UPON PURCHASE.—This subsection shall not be construed to prohibit the reassignment under subsection (b)(2) of an eligible beneficiary.

''(3) LIABILITY OF PERSONS DURING THREE FISCAL YEARS BEGINNING ON AND AFTER OCTOBER 1, 2007.—In the case of each of the fiscal years beginning on October 1, 2007, 2008, and 2009, each person other than a 1988 agreement operator shall pay to the Combined Fund the following percentage of the amount of annual premiums that such person would otherwise be required to pay under section 9704(a), determined on the basis of assignments in effect without regard to the revocation of assignments under paragraph (1)(A):

''(A) For the fiscal year beginning on October 1, 2007, 55 percent.

''(B) For the fiscal year beginning on October 1, 2008, 40 percent.

''(C) For the fiscal year beginning on October 1, 2009, 15 percent.''.

(4) EFFECTIVE DATE.—The amendments made by this subsection shall apply to plan years of the Combined Fund beginning after September 30, 2006.

(b) 1992 UMWA BENEFIT AND OTHER PLANS.—

(1) TRANSFERS TO PLANS.—Section 9712(a) of the Internal Revenue Code of 1986 (relating to the establishment and coverage of the 1992 UMWA Benefit Plan) is amended by adding at the end the following:

''(3) TRANSFERS UNDER OTHER FEDERAL STATUTES.—

''(A) IN GENERAL.—The 1992 UMWA Benefit Plan shall include any amount transferred to the plan under subsections (h) and (i) of section 402 of the Surface Mining Control and Reclamation Act of 1977 (30 U.S.C. 1232).

''(B) USE OF FUNDS.—Any amount transferred under subparagraph (A) for any fiscal year shall be used to provide the health benefits described in subsection (c) with respect to any beneficiary for whom no monthly per beneficiary premium is paid pursuant to paragraph (1)(A) or (3) of subsection (d).

''(4) SPECIAL RULE FOR 1993 PLAN.—

''(A) IN GENERAL.—The plan described in section 402(h)(2)(C) of the Surface Mining Control and Reclamation Act of 1977 (30 U.S.C. 1232(h)(2)(C)) shall include any amount transferred to the plan under subsections (h) and (i) of the Surface Mining Control and Reclamation Act of 1977 (30 U.S.C. 1232).

''(B) USE OF FUNDS.—Any amount transferred under subparagraph (A) for any fiscal year shall be used to provide the health benefits described in section 402(h)(2)(C)(i) of the Surface Mining Control and Reclamation Act of 1977 (30 U.S.C. 1232(h)(2)(C)(i)) to individuals described in section 402(h)(2)(C) of such Act (30 U.S.C. 1232(h)(2)(C)).''.

(2) PREMIUM ADJUSTMENTS.—

(A) IN GENERAL.—Section 9712(d)(1) of such Code (relating to guarantee of benefits) is amended to read as follows:

''(1) IN GENERAL.—All 1988 last signatory operators shall be responsible for financing the benefits described in subsection (c) by meeting the following requirements in accordance with the contribution requirements established in the 1992 UMWA Benefit Plan:

''(A) The payment of a monthly per beneficiary premium by each 1988 last signatory operator for each eligible beneficiary of such operator who is described in subsection (b)(2) and who is receiving benefits under the 1992 UMWA benefit plan.

''(B) The provision of a security (in the form of a bond, letter of credit, or cash escrow) in an amount equal to a portion of the projected future cost to the 1992 UMWA Benefit Plan of providing health benefits for eligible and potentially eligible beneficiaries attributable to the 1988 last signatory operator.

''(C) If the amounts transferred under subsection (a)(3) are less than the amounts required to be transferred to the 1992 UMWA Benefit Plan under subsections (h) and (i) of section 402 of the Surface Mining Control and Reclamation Act of 1977 (30 U.S.C. 1232), the payment of an additional backstop premium by each 1988 last signatory operator which is equal to such operator's share of the amounts required to be so transferred but which were not so transferred, determined on the basis of the number of eligible and potentially eligible beneficiaries attributable to the operator.''.

(B) CONFORMING AMENDMENTS.—Section 9712(d) of such Code is amended—

(i) in paragraph (2)(B), by striking ''prefunding'' and inserting ''backstop'', and

(ii) in paragraph (3), by striking ''paragraph (1)(B)'' and inserting ''paragraph (1)(A)''.

(C) EFFECTIVE DATE.—The amendments made by this paragraph shall apply to fiscal years beginning on or after October 1, 2010.

SEC. 323. OTHER PROVISIONS.

(a) BOARD OF TRUSTEES.—Section 9702(b) of the Internal Revenue Code of 1986 (relating to board of trustees of the Combined Fund) is amended to read as follows:

''(b) BOARD OF TRUSTEES.—

''(1) IN GENERAL.—For purposes of subsection (a), the board of trustees for the Combined Fund shall be appointed as follows:

''(A) 2 individuals who represent employers in the coal mining industry shall be designated by the BCOA;

''(B) 2 individuals designated by the United Mine Workers of America; and

''(C) 3 individuals selected by the individuals appointed under subparagraphs (A) and (B).

''(2) SUCCESSOR TRUSTEES.—Any successor trustee shall be appointed in the same manner as the trustee being succeeded. The plan establishing the Combined Fund shall provide for the removal of trustees.

''(3) SPECIAL RULE.—If the BCOA ceases to exist, any trustee or successor under paragraph (1)(A) shall be designated by the 3 employers who were members of the BCOA on the enactment date and who have been assigned the greatest number of eligible beneficiaries under section 9706.''.

(b) ENFORCEMENT OF OBLIGATIONS.—

(1) FAILURE TO PAY PREMIUMS.—Section 9707(a) of the Internal Revenue Code of 1986 is amended to read as follows:

''(a) FAILURES TO PAY.—

''(1) PREMIUMS FOR ELIGIBLE BENEFICIARIES.—There is hereby imposed a penalty on the failure of any assigned operator to pay any premium required to be paid under section 9704 with respect to any eligible beneficiary.

''(2) CONTRIBUTIONS REQUIRED UNDER THE MINING LAWS.—There is hereby imposed a penalty on the failure of any person to make a contribution required under section 402(h)(5)(B)(ii) of the Surface Mining Control and Reclamation Act of 1977 to a plan referred to in section 402(h)(2)(C) of such Act. For purposes of applying this section, each such required monthly contribution for the hours worked of any individual shall be treated as if it were a premium required to be paid under section 9704 with respect to an eligible beneficiary.''.

(2) CIVIL ENFORCEMENT.—Section 9721 of such Code is amended to read as follows:

''SEC. 9721. CIVIL ENFORCEMENT.

''The provisions of section 4301 of the Employee Retirement Income Security Act of 1974 shall apply, in the same manner as any claim arising out of an obligation to pay withdrawal liability under subtitle E of title IV of such Act, to any claim—

''(1) arising out of an obligation to pay any amount required to be paid by this chapter; or

''(2) arising out of an obligation to pay any amount required by section 402(h)(5)(B)(ii) of the Surface Mining Control and Reclamation Act of 1977 (30 U.S.C. 1232(h)(5)(B)(ii)).''.

TITLE IV—INCREASE IN MINIMUM WAGE

SEC. 401. MINIMUM WAGE.

Section 6(a)(1) of the Fair Labor Standards Act of 1938 (29 U.S.C. 206(a)(1)) is amended to read as follows:

''(1) except as otherwise provided in this section, not less than—

''(A) $5.15 an hour beginning September 1, 1997;

''(B) $5.85 an hour, beginning on January 1, 2007;

''(C) $6.55 an hour, beginning June 1, 2008; and

''(D) $7.25 an hour, beginning June 1, 2009;''.

SEC. 402. TIPPED WAGE FAIRNESS.

Section 3(m) of the Fair Labor Standards Act of 1938 (29 U.S.C. 203(m)) is amended—

(1) by redesignating paragraphs (1) and (2) as subparagraphs (A) and (B), respectively;

(2) by striking ''''Wage' paid to any employee'' and inserting ''(1) 'Wage' paid to any employee'';

(3) in subparagraph (B) (as so redesignated), by inserting before the period the following: '': Provided, That the tips shall not be included as part of the wage paid to an employee to the extent that they are excluded therefrom under the terms of a bona fide collective bargaining agreement applicable to the particular employee''; and

(4) by adding at the end of the following:

''(2) Notwithstanding any other provision of this Act, any State or political subdivision of a State which on or after the date of enactment of the Estate Tax and Extension of Tax Relief Act of 2006 excludes all of a tipped employee's tips from being considered as wages in determining if such tipped employee has been paid the applicable minimum wage rate, may not establish or enforce the minimum wage rate provisions of such law, ordinance, regulation, or order in such State or political subdivision thereof with respect to tipped employees unless such law, ordinance, regulation, or order is revised or amended to permit such employee to be paid a wage by the employee's employer in an amount not less than an amount equal to—

''(A) the cash wage paid such employee which is required under such law, ordinance, regulation, or order on the date of enactment of the Estate Tax and Extension of Tax Relief Act of 2006; and

''(B) an additional amount on account of tips received by such employee which amount is equal to the difference between the cash wage described in subparagraph (A) and the minimum wage rate in effect under such law, ordinance, regulation, or order, or the minimum wage rate in effect under section 6(a), whichever is higher.''.

The SPEAKER pro tempore. Pursuant to House Resolution 966, the gentleman from California (Mr. THOMAS) and the gentleman from New York (Mr. RANGEL) each will control 30 minutes.

The Chair recognizes the gentleman from California.

Mr. THOMAS. Mr. Speaker, I reserve the balance of my time.

Mr. RANGEL. Mr. Speaker, I ask unanimous consent to yield 15 minutes my time to the gentleman from California (Mr. GEORGE MILLER) for him to control.

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

There was no objection.

Mr. GEORGE MILLER of California. Mr. Speaker, I yield to the gentleman from Ohio (Mr. KUCINICH) for the purpose of a unanimous consent request.

(Mr. KUCINICH asked and was given permission to revise and extend his remarks.)

Mr. KUCINICH. Mr. Speaker, I rise in opposition to the bill.

I will quote from the Good Book, not the Internal Revenue Code, but the Bible, Mr. Speaker. Isaiah 10th Chapter, First and Second verse: "Woe to those who make unjust laws, to those who issue oppressive decrees, to deprive the poor of their rights and withhold justice from the oppressed of my people. . . ."

Tonight we debate an unjust law which steals from the poor to give to the rich. It is unjust to attach a minimum wage increase to tax cuts for the rich. It would cost about $26 billion a year to give a $2.10 increase in the minimum wage to the least wealthy workers. The estate tax cut could give about $80 billion per year for 10 years to 3 families out of every 1,000.

Some call it a death tax, cut this poison pill will be the death of the minimum wage increase for millions of working Americans.

It is unjust that here, in the richest country on earth, there is no guarantee that a full-time job will lift a family out of a situation of dire poverty. That's because full-time year-round minimum wage earnings at $5.15 an hour leave a family of three $5,000 below the poverty line.

Since 1997, the last minimum wage increase, the cost of living has increased for all Americans. The cost of putting food on the table, of keeping a roof over your head, the cost of gas—all going up, up, up. The only thing that hasn't increased is the minimum wage. Congress's response: Give a tax cut to the wealthiest Americans. This is a perfect example of single-minded economic policy—surpluses: tax cuts to the wealthy; deficits: tax cuts to the wealthy; war: tax cuts to the wealthy; high gas prices: tax cuts to the wealthy. A much needed increase in the minimum wage to the humblest of workers: tax cuts to the wealthy.

"Woe to those who make unjust laws" said Isaiah.

Mr. GEORGE MILLER of California. Mr. Speaker, I yield 2½ minutes to the gentleman from Maryland (Mr. HOYER).

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Mr. HOYER. I thank the gentleman for yielding, and I rise in opposition to this bill and to lament the fact that we did not do what 250 Members of this House want to do.

Mr. Speaker, 250 Members of this House have indicated they want to see a raise in the minimum wage, that they want to see it now, and they want to see it in a simple straightforward bill to say to those working at the lowest rungs in America, doing what we expect them to do, working day to day, week to week, month to month, year to year to support themselves, their family, and contribute to the welfare of our country. We expect them to work; we ought to pay them. We ought to pay them a wage that does not leave them in poverty.

We could do that, because 250 of us would vote for such a bill. But, unfortunately, once again, we are playing a game. This bill was referred to as an Estate Tax Bill, not a minimum-wage bill. Minimum wage is included in the Estate Tax Bill. But that is the reason you put this bill on the floor, to pass a bill you have already passed but can't pass the Senate, or at least has not passed the Senate.

Therefore, attaching the minimum wage, which 48 of your Republican colleagues say they want to be for, is to design a process for failure. Not a failure for us, none of us work for the minimum wage; but a failure for 6.6 million people and, indeed, some 12 million more people who rely on help from those earning the minimum wage to support themselves and their families.

How sad. How sad that a 250-Member majority of the House of Representatives cannot summon the will or the courage or the good sense to offer simply a bill which does what we want it to do, to raise from $5.15 the minimum wage over three increments to $7.25.

If a minimum-wage worker was earning now what he or she earned in 1968, they would be earning $9.05 an hour. This bill simply has an increase to $7.25, the bill that we proposed. Now, we will have that available in a motion to recommit, along with the extenders that everybody is for, which could have passed on a separate suspension bill, I suspect. But the fact of the matter is that this bill is designed to fail because the majority leadership opposes raising the minimum wage. How sad. How shameful.

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

Does anyone here think it is rather odd if we designed a bill to fail we would place in it what apparently the Members on the other side say is one of our really primary focuses, and that is to allow people who have worked all their lives to hang on to a little bit of what they get after death for their family? Why would you couple those two together if you wanted it to fail?

The so-called extenders are 7 months overdue. They need to be extended. Why would you put a minimum wage in this structure, and extenders, if you built a bill to fail?

I think it is going to be very tortured discussion on the floor, because our colleagues on the other side just can't quite get their arms around the fact that the Republicans are for a significant change in the estate tax, they are for extending the extenders, and we are for a minimum wage.

All you have to do is vote "yes." Now, that probably is your biggest difficulty, voting "yes" on a bill that is in front of you. If you vote "yes," as the gentleman from Maryland said, minimum wage goes from $5.15 to $7.25. If you vote "yes," you join us in encouraging the Senate. And if you want to find the graveyard for the minimum wage, I suggest you go over and visit the other body.

What we have done is tried to package this to succeed in getting the minimum wage through the other body. And if we can work together, all you have to do is start by voting "yes," and then it could be contagious, we could go over and get the Senate to vote "yes," and we could have a minimum-wage increase to $7.25 in 3 years. We could also extend the extenders, and we could also have a very reasonable appropriate structure for allowing people to hang on to a little bit more of what they work for and accumulate over their lifetime.

I know the cost of making that happen is high. It means you'd actually have to vote "yes."

Mr. Speaker, I reserve the balance of my time.

Mr. GEORGE MILLER of California. I yield 2 minutes to the gentleman from New Jersey (Mr. ANDREWS).

(Mr. ANDREWS asked and was given permission to revise and extend his remarks.)

Mr. ANDREWS. No bill more clearly captures the distorted values of the majority of the House than the bill before us right now. People who earn the minimum wage and work full time mostly live below the poverty level, and they have been waiting for a very long time for a raise in their pay.

This bill says to those who wash dishes and launder laundry and clean houses, you got to wait just a little bit longer for that raise. You have to wait until the wealthiest people in the country are able to see their heirs pay little or no tax on the wealth that is passed to the next generation.

Now, the idea of reducing or eliminating the estate tax may or may not have merit, and that idea deserves a free and separate debate on this floor, but so does the idea of raising the minimum wage for those at the bottom of the ladder in this country. This shows us who comes first. This bill says those that launder laundry and clean rooms and work in car washes will wait their turn until the wealthiest people in the country can pass off wealth to their heirs. They come first.

This is a shameful distortion of the country's values. We should vote now and we should vote "yes" for an increase in the minimum wage, free and clear of this distortion of values for the estate tax. Vote against this bill.

Mr. THOMAS. Mr. Speaker, I yield myself briefly.

Gee, I know you work for the minimum wage, and I know you want a higher minimum wage, but the way the offer was packaged was such that I had to vote "no." So don't blame me that you didn't get an increase in the minimum wage, because I voted "no."

As I said, this is going to be very difficult. All you have to do is vote "yes."

Mr. Speaker, it is my pleasure now to yield 3 minutes to the gentleman from New York (Mr. SWEENEY).

Mr. SWEENEY. I thank the gentleman for yielding time.

Mr. Speaker, I came here tonight to vote for much-needed pension reform and to provide Americans with a better living wage. And I would have preferred a simpler, more straightforward minimum-wage vote as well. In fact, I voted that way in the Appropriations Committee. I voted for Mr. HOYER's provision that extended the minimum wage for 30 months, or extended a raise for 30 months to $7.15.

I come here tonight to say that I am going to vote for this bill, and I had actually hoped to vote for the Democratic motion to recommit, if it had been a simple, straightforward proposition to vote. And I note that the Democrats have had a number of opportunities to bring a straightforward

minimum-wage vote to the floor, as they have done in a variety of other instances on a variety of other issues, but never have done it.

So it leads me to this one thought, that if we are actually serious about the minimum wage and passing a minimum-wage increase, and I say this as a former State labor commissioner and I say this as someone who worked numerous minimum-wage jobs over the course of my life, I say this as someone who comes from a blue collar background, not a privileged background, and I would note that some of the leadership on the other side comes from much better standing than I, you would have brought that bill and worked in good faith to negotiate. But that didn't happen. That didn't happen because politics won the day here. Rather than passing a minimum-wage increase, it was decided that we wanted to preserve an issue. That is wrong. It doesn't serve the American people.

In terms of including the estate tax, what I had said all along is I would like to see a minimum-wage increase, but we need offsets to small businesses and farmers who make up 90 percent of the employment in my district. So when you say that an estate tax, an extension of the estate tax isn't viable, doesn't belong in this bill, tell that to the farmers in my district like Tom Borden who runs the orchard and dairy farm in eastern New York; or Paul Schmidt, a dairy farmer in Posenkill, both of whom have been begging to see this estate tax eliminated for years so they can sleep at night knowing that despite all the hard work and all the government regulation and all the burdens that they have faced, they can pass on to their family that valuable contribution to society that they have.

So be careful. Be careful when you demagogue this issue. Be careful when you politicize this issue. This is about representing people. We need to pass a minimum wage. I am in favor of this bill, and I am going to oppose the motion to recommit, and I suggest my colleagues do the same.

Mr. GEORGE MILLER of California. I yield 2 minutes to the gentlewoman from California (Ms. WATERS).

Ms. WATERS. Mr. Speaker, I rise in support of raising the minimum wage for the nearly 7 million minimum-wage American workers. However, I oppose this bill because it contains provisions unrelated to actually increasing the minimum wage. Those provisions should be voted on separately.

As a matter of fact, I am really ashamed to be a Member of Congress at this point. The Republicans are playing tricks again. They have coupled another tax break for the richest in America with this minimum-wage increase.

Since 2001, this Republican Congress has cut taxes by $1.8 trillion, and most of these tax cuts have gone to the wealthiest 1 percent of Americans. Yet when it comes to helping low- and middle-income Americans, the Republican Party is nowhere to be seen. Even this vote came reluctantly and is tied to giveaways that will gut any increase in the minimum wage.

Each day Americans are confronted with rising prices of everyday items they need: gasoline, home energy, and health care. These rising costs are stretching family budgets thin, preventing them from saving for a family emergency, education, a new home, or retirement.

In California over the past 5 years, the cost of staple goods has risen at a steady rate. For example, the cost of milk has risen 23 percent; housing has increased 45 percent; and child care has increased 14 percent. However, the wages for thousands of workers have remained stagnant.

The increase in the minimum wage is about one thing, Mr. Speaker, justice for American workers. Without an increase in the minimum wage, the American worker cannot enjoy life, liberty, and the pursuit of happiness. Quality of life is indeed important. Freedom to pursue one's dreams, whether it is in education or a new home, is freedom. Happiness is about fulfilling dreams. Workers earning the current stagnant minimum wage are simply not as happy as they should be in America.

I oppose this legislation as drafted. I am ashamed to be here with these people who are denying the poorest of our society a decent living.

Mr. THOMAS. Mr. Speaker, I yield myself briefly.

All we have to do to provide an increase in the minimum wage is to vote ''yes.''

And I wonder how that person working for a minimum wage feels when you say, I couldn't vote ''yes'' for the increase in the minimum wage because I was offended the way it was presented to us. And you need to know that the way I feel about the process in the House of Representatives is more important than providing you with an increase in the minimum wage.

Mr. Speaker, it is now my pleasure to yield 2 minutes to the gentleman from Pennsylvania, a valued member of the Ways and Means Committee, Mr. ENGLISH.

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Mr. ENGLISH of Pennsylvania. Mr. Speaker, let me say what is sad and shameful here tonight is the argument being made by so-called progressives to justify their vote against raising the minimum wage. This legislation, granted, includes an extension of the work opportunity tax credit so that we can encourage more people to move off welfare onto the rolls. It includes extensions of the deduction for higher education expenses and the deduction for teachers for their day-to-day expenses in the classroom. It includes expensing of mine safety equipment. It also improves access to lifesaving vaccines.

Mr. Speaker, it also includes an increase in the minimum wage, something they led us to believe that they wanted to see, something that I have been fighting for for years, and they have done nothing to carry any heavy lifting on.

Mr. Speaker, the one vote on raising the minimum wage in the House this year is this vote and we are going to take names, and workers are going to be watching.

Mr. Speaker, this current minimum wage is an embarrassment. A 40-hour-a-week worker at minimum wage makes just over $10,000. Working families are struggling to make ends meet, to address higher gas prices, to address rising home heating bills. And in the face of all of that, the so-called progressives are finding every imaginable excuse to vote against raising the minimum wage. They have always liked the politics of the minimum wage and generally cared little for the policy of the minimum wage. We have always clustered increases of the minimum wage with other issues. There is nothing novel about this.

This is one up-or-down vote. The American people are going to be holding them accountable. And if they vote ''no,'' they are voting against raising the minimum wage. That includes the gentleman from Ohio who is running for the Senate and we are going to watch that one with a great deal of interest. There is only one vote this year for raising the minimum wage. It is this one. We are going to hold you accountable for how you vote on it, whether you hiss or not.

Mr. GEORGE MILLER of California. Mr. Speaker, I yield 2 minutes to the gentleman from Ohio (Mr. BROWN).

Mr. BROWN of Ohio. Thank you, Mr. MILLER, for your terrific leadership fighting for workers. And to my hypocritical friends on the other side of the aisle, I actually plan to vote for the minimum wage.

I stand in honor of the millions of American workers trying to get by on a woefully inadequate minimum wage. On behalf of 500,000 Ohio workers and the Nation's 6 million workers, I will vote in favor of a minimum-wage increase tonight despite the dishonorable chicanery of the gentleman from Pennsylvania and his friends once again foisted on this Chamber by a Republican majority run amok.

For 10 years, Democrats have tried to increase the minimum wage.

Mr. ENGLISH of Pennsylvania. Will the gentleman yield?

Mr. BROWN of Ohio. I yield to the gentleman from Pennsylvania.

Mr. ENGLISH of Pennsylvania. Did the gentleman vote for raising the minimum wage the last time this came up in 1996?

Mr. BROWN of Ohio. Of course I did.

Mr. ENGLISH of Pennsylvania. And how did you distinguish this bill, which included tax provisions for a variety of small businesses, from this bill?

Mr. BROWN of Ohio. I voted for it then. I plan to vote for it now.

Mr. ENGLISH of Pennsylvania. So you voted for the chicanery then, and

you are going to vote for it now. Congratulations.

Mr. BROWN of Ohio. I reclaim my time.

For 10 years, Democrats have tried to increase the minimum wage and Republicans have blocked it. Yet during the 10 years with no minimum wage increase, Congress, under Republican leadership, has increased its own pay six times. The CEO of ExxonMobil is paid more than $17,000 an hour while a minimum-wage worker who fills her tank with ExxonMobil gas earns less than $11,000 a year. Yet this bill puts first millions of dollars in tax cuts for the ExxonMobil CEO.

Tonight it is clear why we need a change. That change is only 3 months away.

Mr. THOMAS. Mr. Speaker, I want to thank the gentleman from Ohio for his vote.

I want to yield 3 minutes to the gentleman from New Jersey (Mr. LOBIONDO).

Mr. LOBIONDO. Mr. Speaker, I rise tonight in support of this minimum-wage package which I think is long overdue. I would like to take the opportunity to thank Speaker HASTERT and Majority Leader JOHN BOEHNER. A week ago, not many people would have believed that we could have a vote on minimum wage this quickly. You have only to track the articles about it: did not look possible, maybe sometime into the future. And I want to thank Congressman STEVE LATOURETTE and the 48 or 50 other Republicans that stood along together with me in presenting our case to the Speaker and majority leader for why we should do this. We had a very spirited debate in our conference, and we probably will have a record number of Republicans that will be voting for a minimum-wage package tonight.

Some Republicans are not happy about this. If I had my choice, this package would have looked a lot different. But we don't live in the world of the perfect, and we should not sacrifice the good for the perfect. The reality is, this is the minimum-wage vote. This vote actually has a chance of being signed into law. The reality is that probably a straight minimum-wage vote, that I would have preferred, might have been a good political exercise, but it stood no chance of passage in the Senate or a signature by the President. So if we really want to give relief to working men and women who so deserve this change, this 41 percent change, this is the opportunity.

The minority has said that the extenders are fine. So we have one part of the package that you will find a problem with. I submit that because Republicans are doing this, you would have found one part of this package to have a problem with no matter what was in it.

I would urge all of the Republican Labor Caucus members and, in fact, all of the Republican Conference, and the Democrats, to vote against the motion to recommit that will doom the minimum wage. Passage and vote for the bill sends a clear signal that we can find a combination, that we can find a way to come together. The definition of ''perfect'' is probably different for all 435 of us. But that is not what is at stake tonight. That is not what we are all about, finding the perfect. We are about finding something good. This is a good bill. We should vote for it.

Mr. GEORGE MILLER of California. Mr. Speaker, I yield 2½ minutes to the gentleman from Washington (Mr. INSLEE).

(Mr. INSLEE asked and was given permission to revise and extend his remarks.)

Mr. INSLEE. The only people in the State of Washington whose wages will be affected by this bill, should it pass, will have their minimum wage decreased. Every single worker who receives tips in the State of Washington will have their minimum wage decreased $1.78 an hour as a result of this ridiculous bill. Seven States are in the same position: Alaska, California, Minnesota, Montana, Nevada, Oregon and Washington. In seven States in this country, the only people who will be affected by this bill are those who will get their minimum wage slashed.

Where is the Republican desire to slash the minimum wage and call it an increase in the minimum wage? That is what you have written into this bill.

Now, we realize this bill isn't going to pass, and you think you are going to get relief from the voters because you voted for this when it isn't going to pass. Well, if it did pass, you would be cutting the minimum wage in the State of Washington by $1.78 an hour. The people who feed you, when you take your $30,000 pay increases we all have had over the last several years, you take your $30,000 pay increases, and you tell the people that serve your tostadas and your spaghetti that you can cut their minimum wage by $1.78 an hour. If you doubt me, ask Molly on your staff. She will tell you I am right. I don't know who the brilliant guy was who thought that that is good policy in this country. We Democrats think it is a very bad idea.

The situation is, you're not going to deliver a minimum wage of any dimension because of the way you packaged this, because you don't want to see a minimum-wage increase. That is why you packaged this with a poison pill. And this is not going to work for you, because mailmen who don't deliver the mail get punished. And you will be punished for this this November.

I will just say one thing: when you cut the minimum wage for restaurant tip workers in this country, I will say this, it is bad enough when you don't do a minimum-wage bill; it is worse when you do. The point I want to make is this bill is not going to pass because they put a poison pill in it. But I want to make sure people understand in the States of Washington, Montana, Nevada, California, those States, that if it did pass, they would be cutting restaurant workers.

Do you want to challenge that, Mr. HAYWORTH? I will yield to you. If you think that is wrong, you can walk up to your staff member and she will tell you that you are cutting restaurant workers $1.78 in the State of Washington. If you disagree with that, I will show you page 181 of your bill.

Mr. HAYWORTH. Mr. Speaker, will the gentleman yield?

Mr. INSLEE. I yield to the gentleman from Arizona.

Mr. HAYWORTH. Is the gentleman familiar with four letters, E-I-T-C, earned income tax credit?

Mr. INSLEE. I am.

The SPEAKER pro tempore. The time of the gentleman has expired.

Mr. THOMAS. Mr. Speaker, I yield myself such time as I may consume. I was kind of stunned when my colleague from Ohio indicated that he was going to support this bill. I believe him when he wants to support it for the minimum wage. And then it struck me: he is not going to be in a gerrymandered district. He is running statewide. He is actually going to have to respond. In an environment where if he doesn't pick the position that people believe is the right one, he could lose. But if he were in a district in which he could vote virtually any way he wanted and wanted to slant the issues in ways that provided a political benefit rather than a real benefit, I just wonder.

Gee, that means maybe if we had more competitive seats, we would have more folks voting for policies that actually benefit people like raising the minimum wage, because a ''yes'' vote tonight will raise the minimum wage.

It is now my pleasure to yield 2 minutes to the gentleman from Illinois, a member of the Ways and Means Committee, Mr. WELLER.

Mr. WELLER. Mr. Speaker, I rise in support of what we have before us, which is good legislation, a package of legislation that is good for workers and a package of legislation that is good for small business. This legislation deserves bipartisan support.

First, this bill raises the minimum wage. Today, the minimum wage is $5.15 an hour. Under this legislation, we raise it to $7.25 an hour. That is a 40 percent increase in the minimum wage. It is about time. I support this minimum wage increase. It is the right thing to do.

This legislation does more, because it is a package. Of course, when you look into the package, look at the details, you see some good things that help our communities. One example is an important environmental cleanup tax credit, the brownfields tax credit, which is extended for 2 more years under this legislation. Not only is it extended, it is expanded to be able to do more. There are almost 2,000 so-called brownfields in the region that I represent in the Chicago area. Forty percent of them have petroleum contamination. You think of that old abandoned gas station

on that one prominent corner in your home community that has been sitting there for years and you always wonder, why doesn't somebody buy that and do something with that strategic corner in our town. It is because it has petroleum contamination. This tax incentive will help encourage private investors to buy that old abandoned gas station and other petroleum contaminated sites to recycle, revitalize and help rebuild neighborhoods. It is good legislation.

□ 0015

And if you care about low-income workers, particularly those who are on welfare, and you want to encourage them to get a job, you should vote for this legislation because we extend the work opportunity tax credit. We extend the welfare to work tax credit. This past year almost half a million American citizens had the opportunity to leave welfare and go to work.

This legislation deserves bipartisan support.

Mr. GEORGE MILLER of California. Mr. Speaker, I yield myself such time as I may consume.

Mr. Speaker and Members of the House, it is rather interesting to see my colleagues on the Republican side of the aisle ask us whether we know that the minimum wage is $5.15 an hour. Apparently, they have just discovered that fact. I would ask them did they know that the minimum wage was $5.15 an hour 10 years ago and 9 years ago and 8 years ago and 7 years ago and 6 years ago and 5 years ago and 4 years ago? It was $5.15 an hour and you never raised a finger. You never raised a finger to help these individuals. We introduced a bill every year. I have asked for hearings in my committee every year to raise the minimum wage because these people have been stuck at $5.15 an hour. You control the House, you control the Senate, you control the White House. You could never find time for these people. You found time for the richest people in the country, but you never found time for the people at $5.15 an hour.

Now, as your political fortunes change, you get a letter from the most vulnerable members of your caucus, and you discover that people are working for $5.15 an hour. But even then you cannot play it straight. No, the only way you can do this bill for the people whom you now recognize need help, and they have needed it for many years, is to put a poison pill into the minimum wage increase of the estate tax cut, knowing that you will send it off to the Senate and it will be embroiled in the 18 days that we have left in this session and there will be no increase in the minimum wage.

You could vote for the motion to recommit. The extenders are not controversial. And apparently the minimum wage is not controversial on your side. Although when a clean minimum wage passed on the Health and Human Services appropriations bill, it came to a grinding stop, and your Speaker said we are not going to have a minimum wage increase, and your majority leader says, I haven't voted for one of these and I have not supported it for 25 years, with great pride. Did he know they were working for $5.15 an hour all that time? If he had his way, they would have been working for $3.15 an hour over the last 25 years.

So tonight what are we presented with? The appearance of a minimum wage increase, but it is really about driving the estate tax. But it is about driving the estate tax into a hostile environment in the Senate, where you will argue and you will argue and you will argue and the session will end, and those same people that are working for $5.15 an hour today will be working for $5.15 an hour next year and next month. As much compassion as you felt for them, you decided they ought to wait longer to get $7.25 in the bill you presented. As much compassion as you felt for them, you decided if they work for tips, you would take away their wages in the States that Mr. INSLEE pointed out, in Washington and California and elsewhere. They would lose their wages under this bill.

So I think this newfound compassion is somewhat shallow, somewhat less than sincere for these people because you could not find time for them over the last 5 years. You could not find time to deal with their problems of working all year long and ending up with $10,700 and being in poverty. You could not find time for them when the price of gasoline went up and the price of rent went up and the price of education went up and the price of milk went up. You could not find time then. But all of a sudden, you can find time now, but only, only if you can stick it in with relief for the richest people in America, relief that you know will not happen in this legislation. And once again, these people will be denied. They will be denied at the hands of the Republican leadership that has been hostile to the minimum wage from the moment they came to this House of Representatives. They had never had any intention of supporting it, they had never voted for it, and it will not happen again.

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

Mr. THOMAS. Mr. Speaker, it is my pleasure to yield 3 minutes to a valued member of the committee, the chairman of the House subcommittee, the gentlewoman from Connecticut (Mrs. JOHNSON).

Mrs. JOHNSON of Connecticut. Mr. Speaker, I rise in strong support of this legislation. I am proud, yes, for raising the minimum wage by 40 percent.

It is simple. Working families deserve a pay raise, and tonight we pass a 40 percent increase in the minimum wage. But this bill helps workers in many other ways.

A permanent estate tax protects American jobs. In my district, an old manufacturing part of the Nation, most of our manufacturers, high quality, high skilled, are small and family owned. But to compete as a supplier in a global economy, they have to be good, and that takes expensive equipment. Dad dies, you have to sell off. You have to sell that family-owned business because you cannot afford the taxes. A permanent estate tax will let that family business survive and those jobs survive because you know what happens? Those small manufacturers get bought and the jobs leave town. They go to a bigger plant. They get merged in. So if you want to protect jobs in your town, we need a permanent estate tax because that way small family-owned manufacturers can survive.

But we need this bill because it protects global jobs as well. If we do not extend the research and development tax credit in a world in which some countries write it off completely, we will not be at the cutting edge of product development. We will not be the leaders in communications technology, in clean-up technology, and in medical technology. We protect jobs and that helps the American workers. That is what this bill is all about.

We also protect the opportunity for American workers to get the education they need to compete. That $4,000 tax deduction for education expenses, that is building the future. And it is not just people who can go to college. It is the work opportunities tax credit. It is the welfare-to-work tax credit.

This is about working America. This is a tax bill about working America, about opportunity, about equity, about fairness, and about protecting our jobs. And, yes, it raises the minimum wage.

I am proud to vote for it. I urge Members on both sides of the aisle to vote for it because this is good policy by a strong Congress, and we need to get through the Senate and to the President's desk.

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

You can tell that if it is going to happen after midnight, that the majority just ain't up to something good because everything bad they do, they wait until late at night and then they come.

So you take a look at this bill, and they call it the minimum wage bill. Well, that is good; so why would they wait until after midnight? Or you might take another look at the bill and you see that they are trying to help the poor miners. Well, that doesn't sound like Republicans to me. If they ever got enough religion to help poor miners, they would certainly want to do that in the sunlight. But, no, they wait until after midnight.

Then, of course, there are the extenders that really help schools and research and development. It sounds pretty decent. It does not sound that Republican to me.

There has to be a skunk at this picnic somewhere. And then you take a look and you find out that with all of

the wonderful, spiritual good that they want to do for so many people, the working poor, we find out that there are 7,500 families in this great country that are worth billions of dollars, that they cannot leave this Congress without saying, ''We helped you. You are the people we really love.'' And if you take a look to see, have they sent us letters, these rich people, most of them, saying, ''Hey, try to cut back on the war, try to help us with some health and education project?'' They are not asking for this money. And yet over $800 billion, we are prepared to take away from the Treasury at a time that our country needs it the most but it just cannot stand on its own two feet. So, therefore, we have to find a sweetness for it, and we have enough nerve to believe that someone is going to believe that you have a concern for the minimum wage.

After 9 or 10 years, you wake up at the end of the day, and you bring in the estate tax relief bill that is the real money, and because that sucker is so heavy it cannot get off the ground, you try to spray some perfume on this skunk, and you call it minimum wage, extenders, and help for the miners.

If you had any compassion at all, don't these people deserve to be treated separately? Do they have to be with 7,500 people who are close friends of yours? Should not the working people have a bill of their own just to increase the minimum wage? Should not the miners, their pensions and their health benefits, should they not have a bill of their own during the daytime hours? And certainly the incentives are so popular, why do you have to hold them hostage for where your hearts really belong?

So I knew that you were going to wait until midnight, but no one knew exactly what you were up to. But, hey, it is after midnight, you are on the floor, and you say if you want all of this good medicine, then swallow our pill with it, but if you say no, you say no to what is good. It does not make any sense. But I think the newspapers, television, everyone knows what is going on. You have gotten away with this for a long, long time. But there comes a time when people wake up to what is happening, and even though you have done it in the middle of the night, the sun will rise and people would understand.

Mr. Speaker, I reserve the balance of my time.

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

I keep telling my friend from New York that there is a really big country west of the Hudson. It is 9 p.m. in California. The sun is shining in the United States. I understand east of the Hudson, but there is a big country west of the Hudson.

I told you this was going to be a strange debate.

The gentleman from California is right. He counted backward: ten, nine, eight, seven, six. We have not increased the minimum wage. It is about time we increased the minimum wage.

Are you offended that we finally got it? Is that what you are offended about? Or is it the fact that when you were the majority for 40 years, Medicare never saw one preventative service, they never saw one wellness program, and there was no drug program? We became the majority and all of that occurred.

I am now beginning to figure this out. These people are going to have to tear up these old, yellowed speeches they have been giving for decades because the Republicans get it.

There is one other thing we get. It is a concept you are beginning to hear about. It is called ''multi-tasking.'' You do not really have to come with one subject. You can actually do several things at the same time. And there is a degree of synergy involved in those things. You heard the gentlewoman from Connecticut, that there are interactive aspects in this.

So I am really somewhat confused. Is it that you want to keep on giving speeches that Republicans do not understand that we should raise the minimum wage, that you do not want to rewrite the speech? Or is it because on every one of those hackneyed, worn political positions, you do not have a position anymore?

We are for raising the minimum wage. We agree with you. It is time to raise it. Your arguments are now: But it is not packaged correctly.

It is after midnight. I would love to be doing this at 7 p.m. You know the difficulties in moving. We just passed a massive pension bill. We got it done. It is 9 o'clock. You are going to complain that you are going to vote against this because we are doing it after midnight? Is it so offensive to you that you have to stay up a couple of hours and have presented to you a package which is very difficult for you to get your hackneyed, yellowed political speeches around?

Yes, we are Republicans. Are we for increasing the minimum wage? Yes. Do we want to get the extenders done before we go out because it is 7 months too late? Yes. Do we want to help people who want to hang on to a little bit of what they have built over their lifetimes? Yes. And you are going to vote ''no'' because it is put together in a way that offends you?

□ 0030

I wonder what that person hoping for an increase in the minimum wage thinks when they are told, I wanted to help you, but I was offended in the way in which the opportunity to help you was presented to me.

Who is kidding who?

Mr. Speaker, I reserve the balance of my time.

Mr. RANGEL. Mr. Speaker, I yield 1 minute to the gentleman from Maryland (Mr. CARDIN), an outstanding member of the Ways and Means Committee.

Mr. CARDIN. Mr. Speaker, let me thank my friend for yielding.

Let me speak for an interest group that has not been heard tonight, and that is our children and grandchildren, because they are going to be asked to pick up the tab of this legislation.

Yes, Mr. Speaker, I am for raising the minimum wage. It is a fair thing to do, and it is in the economic interests of this country. But the price to vote ''yes'' is just too high, $267 billion of additional debt on the estate tax changes.

And where are we going to get the money to pay for that? I hear from my friends that we have to be fiscally conservative, and I agree with that on every dollar of new spending. But tonight it is okay for $267 billion of additional debt. And where is that money going to come from? We borrow it. We borrow it from foreign governments that own banks. And it jeopardizes trade exchange with the United States. It costs us jobs.

It is in our national interest to balance our budget, we all understand that; and tonight, by passing this bill, we are moving in the wrong direction.

Mr. THOMAS. Mr. Speaker, I reserve my time.

Mr. RANGEL. Mr. Speaker, I yield 1 minute to the gentleman from North Dakota (Mr. POMEROY), an outstanding member of our committee.

Mr. POMEROY. Mr. Speaker, we know what extortion is. You know those old movies? ''Give me all the money or the kid gets it.'' Well, this is legislative extortion. You want a minimum-wage increase? Give the multimillionaire families a tax break. No tax break for multimillionaires, no minimum-wage increase.

So who gets this tax break? Well, as you can see, the bulk of it goes to estates worth more than $20 million. How much do these estates get? As you see, they get $5.8 million on average.

So that is the deal they offer us: Oh, we will give you an increase in that $5.15 per hour minimum wage, just as long as you give $5.8 million to those $20 million estates.

What do they think, we are crazy? That is no deal. That is legislative extortion, and it needs to be rejected with a ''no'' vote tonight.

Mr. THOMAS. Mr. Speaker, it is my pleasure to yield 2 minutes to the gentleman from Arizona (Mr. HAYWORTH), a member of the Ways and Means Committee.

(Mr. HAYWORTH asked and was given permission to revise and extend his remarks.)

Mr. HAYWORTH. Mr. Speaker, it is interesting to hear the level of Orwellian ''newspeak'' emanating from our friends on the left. We are now told that a reasonable, rational compromise that includes many commonsense ideas is somehow legislative extortion. We hear that a compromise that provides an increase in the minimum wage is paired with other policy initiatives that somehow make it a poison pill.

Isn't it interesting the lexicon offered by the left? If it is a compromise forged by conservatives that somehow actually, ironically delivers on an issue for which my friends on the left believe they have ownership, why, that is a poison pill.

Oh, and conveniently omitted when we hear the bold relief, including the impugning of our motives for moving forward on this, conveniently omitted, are the policy initiatives championed in bipartisan fashion: the work opportunity tax credit, the earned income tax credit, those extenders that are part of this that actually help those working to get ahead.

It is a very interesting occurrence we see here tonight. ''Curiouser and curiouser,'' said Alice. It is not Wonderland, and this legislation may not be perfect, but it is not the glum, dour air of apocalyptic fate that the left would portray it as. It is a positive move, raising the minimum wage, extending tax relief, and revising tax policy.

Mr. RANGEL. Mr. Speaker, I yield 1 minute to the distinguished gentleman from Rhode Island (Mr. LANGEVIN).

(Mr. LANGEVIN asked and was given permission to revise and extend his remarks.)

Mr. LANGEVIN. Mr. Speaker, the American people deserve an up-or-down vote on the minimum wage and not have it tied to a poison pill that is designed to kill that increase. That is not what we are getting tonight.

Mr. Speaker, I am outraged that men and women across this country go to work, working 40 hours a week, often more, and can't even make ends meet.

The minimum wage hasn't been increased since 1997. Workers in Rhode Island, for example, have to earn approximately three times the minimum wage just to afford a basic two-bedroom apartment.

A majority in this House supports an increase in the minimum wage, but the Republican leadership only wants to help a privileged few. To put this in perspective, thousands of families in Rhode Island and millions of families across America would benefit from a minimum wage increase, while the Republican tax plan would help a handful of the wealthiest. This costly political stunt will add billions of dollars per year to our national debt and demonstrates the Republicans' misguided priorities.

It is time for a new direction. I urge my colleagues to join me in opposing this sham bill and supporting a standalone vote to increase the minimum wage to $7.25 an hour. It is the right thing to do for the American people.

Mr. THOMAS. Mr. Speaker, I reserve my time.

Mr. RANGEL. Mr. Speaker, I yield 1½ minutes to the gentleman from Georgia (Mr. SCOTT).

Mr. SCOTT of Georgia. I thank the ranking member very much.

This is indeed a ploy of the highest nature. There is nobody in this House that is more concerned about raising the minimum wage than Democrats. Seven times we have tried to raise the minimum wage.

If this is such an important effort to raise the minimum wage, we ought to ask the question, why is every group that represents working people calling and asking to vote down this sham?

You know, Mr. Speaker, William Shakespeare wrote an excellent play. He called it ''Julius Caesar.'' In that play, just when Brutus and Cassius and all were digging in the swords, Julius Caesar grabbed Brutus and said, ''Et tu, Brutus. Yours is the meanest cut of all.''

Mr. Speaker, I am telling you what the meanest cut of all in this bill is. They say we don't read the bills. But the American people need to know what this bill says. It says the Tax Relief Act of 2006 excludes all of the tipped employees' tips from being considered as wages in determining if such tipped employees have been paid the applicable minimum wage rate.

This is the meanest cut of all in this bill. If it is right to give the minimum wage for one person, isn't it right to give it for everybody? There is nobody that deserves the minimum wage more than those people who are at the bottom of the ladder; and none are at the bottom of the ladder more than those people who have to make it on tips. This bill will not only not raise the minimum wage of those who make it on tips, 2.5 million Americans, their minimum wage will go down under this bill. Indeed, the meanest cut of all.

We must vote down this bill and put forward a genuine bill that will truly raise the minimum wage for everybody.

Mr. THOMAS. Mr. Speaker, it is my pleasure to yield 2 minutes to the gentleman from Louisiana (Mr. MCCRERY), the chairman of the Social Security Subcommittee.

Mr. MCCRERY. Mr. Speaker, I thank the chairman of the Ways and Means Committee for yielding.

I just want to say to the point that some are making about States that have no tip credit law and have a higher minimum wage, if in fact a State wishes to continue to have a higher minimum wage, all they have to do in response to passage of this bill is to pass any kind of tip credit. It can be a minimal tip credit, and then they can fully restore the minimum wage that that State wishes its employees to have. So it is not that complicated. It is not that difficult as some Members have suggested.

Mr. INSLEE. Mr. Speaker, will the gentleman yield?

Mr. MCCRERY. I yield to the gentleman from Washington.

Mr. INSLEE. Mr. Speaker, what we want to point out and we want to make sure, because I think I have confirmed this with the Republican staff, the way this works, if this bill passes, in the State of Washington the minimum wage goes down the next day $1.78 an hour.

The gentleman is correct. If the State legislature got together and essentially overrode the Republicans in Congress, they might be able to get it back up where it was. But you know what? You Republicans in the State legislature, I say ''you,'' Republican-controlled legislators, I will give you a clue: it is not going to happen. That is why we object to cutting the minimum wage in any State by any Congress of any party.

Unfortunately, that is what you are doing. You can confirm it with counsel. That is why we think it is an abomination.

Mr. MCCRERY. Mr. Speaker, reclaiming my time, it is a legitimate issue the gentleman brought up, but I would hope he would agree that freely elected representatives in his State, or any other State, whether Republican or Democrat, should in fact be able to express the will of the people who elect them, whether they are Republicans or Democrats; and if in his State they want to, whoever they are, Republicans or Democrats, want to go back to the minimum wage they had prior to the passage of this bill, they may. This bill in no way prohibits that.

So the gentleman's complaint about this bill could easily be taken care of, the same way his State originally enhanced the minimum wage in Washington. That is the only point I wanted to make.

Mr. RANGEL. Mr. Speaker, I yield 1 minute to the gentleman from Michigan (Mr. LEVIN), an outstanding member of the Ways and Means Committee.

(Mr. LEVIN asked and was given permission to revise and extend his remarks.)

Mr. LEVIN. Mr. Speaker, I spoke earlier and I wasn't going to speak again so others could, but listening to the Republicans here, I felt compelled to come over.

In all my years here, this is the height of hypocrisy. You have sat here year after year failing to raise the minimum wage, refusing to come here and sign a discharge petition, doing nothing. And now, because you are worried you are going to lose an election, you are here. And you tie it to a proposal that will give the very, very wealthy many more times than would be benefiting the workers with a rise in the minimum wage.

If you really cared, you would have acted long ago. This isn't on your part even an election-year conversion. It is an election-year trick. It won't work.

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

Mr. Speaker, it sounds to me like somebody is saying on this issue, I have a hostage, and if you try to force me to vote for minimum wage, I am going to kill the hostage.

There is a minimum-wage increase in this legislation. The argument that somehow, and I will say it again, somehow the fact that we didn't act earlier is a sufficient rationale for you to not vote for it now, to say that we have

other items in this bill and we are hiding the minimum wage with other attractive packages to Republicans, I will repeat to you, is a way we might actually be able to get it through the other body, since the other body would not allow a clean minimum wage to pass through it. And they have exhibited that a number of times.

I know it is difficult for you, and I know it is going to take a period of time in terms of understanding that when we say this is a bill that contains extenders, that this is a bill that contains a reasonable and appropriate adjustment on estate taxes. The reason I say that is this is almost identical to the bill that got 43 Democrat votes just a few weeks ago.

And when I say there is an increase in the minimum wage in this bill, I have heard all kinds of tortured arguments about package and process, but I can't understand for the life of me, if we are such hypocrites, and this is a sham, why you don't take us up on it and show how wrong we are by voting for a minimum-wage provision and then see what we do with it.

□ 0045

What we are going to do with this is try to make law. This will pass this House. Join me. Let's go over to the Senate and do everything we can together to get the Senate to pass it.

Or is it that if it actually happened and the President signed it, and we had an increase in the minimum wage, you would have to draw one more line through those easy arguments that are now outdated about the difference between Republicans and Democrats, because it is hard enough to believe that Democrats no longer have a monopoly on improving Medicare with quality measures and putting prescription drugs in.

But don't Republicans have any shame? Coming to the floor trying to raise the minimum wage, what are we going to do? Well, the first thing you have to say is, okay, guys, we can't vote ''yes''. Why? Test us. Let's make law. It has been 10 years. Let's raise the minimum wage. I understand that we are also going to save the extenders.

I understand we are going to put in a reasonable estate tax change. But what I am asking you to do, rather than to wring your hands and figure out how you are going to explain you didn't want to vote for the increase in the minimum wage because of the way it was packaged is to test us. I want a test. Let's pass this. Let's go over to the Senate. Let's try to make law.

Mr. KENNEDY of Rhode Island. Mr. Speaker, will the gentleman yield?

Mr. THOMAS. I yield to the gentleman from Rhode Island.

Mr. KENNEDY of Rhode Island. Mr. Speaker, the gentleman has mentioned prescription drugs a number of times. I think it is analogous to this debate, because that was a debate that took place late at night, and you used the elderly and their need of prescription drugs to pass a trillion-dollar bill that benefited the pharmaceutical companies and the insurance companies in this country.

The people of the United States know that, and they are going to see it again tonight. You are using people in order to pass your agenda for the very wealthy in this country and it is wrong.

Mr. THOMAS. Mr. Speaker, reclaiming my time, millions of Americans are thankful they now have prescription drugs at significant savings. I know it is difficult because another line went through one of your typical political arguments. Test us. See if we are just kidding. See if this is a sham.

What I am inviting you to do is make law. I know it is a brave new world. But let's try it. Let's see if we can make law together. Your arguments have been so turned that you are explaining you are against raising the minimum wage because of the way it is being presented to you. It deserves to be clean. Okay. It's not.

I am offended that I would have to vote this way. By the way, you are still at $5.15. Test us. Let's make law.

Mr. Speaker, I reserve the balance of my time.

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

Mr. Speaker, I am glad that the chairman has taken his mask off and brought his sense of honesty to this debate. Yes. Test you. What you are basically saying is that if you want to give some help to these people that have such low wages, we then have to buy, in the same bill, the $800 billion relief that you are giving to 7,500 people. I understand what you are doing.

Why don't you call it the Estate Tax Relief Bill, which is sweetening up, you know, by just giving some of them minimum wage. And you say, if you don't like the rich people, if you don't want to get close to $1 trillion away, then of course vote against the minimum wage.

It is so unfair to call this a package. It is a package for the rich, that just as an afterthought, you throw in minimum wage. But, fortunately, the chairman has said what he is doing. Either you buy it as I put it or forget about it. I think that is so unfair to the working poor people in this country.

Mr. Chairman, I yield 1 minute to the gentleman from New Jersey (Mr. ROTHMAN).

Mr. ROTHMAN. Mr. Speaker, tomorrow's headlines are going to read ''hostage taken''. And you know what they are going to mean? The increase in the minimum wage was taken hostage by the Republican majority. They have taken the increase in the minimum wage hostage unless we give the super-rich $100 billion.

To give the working poor a $2.10 increase an hour, they have held us hostage unless we give them $800 billion. Now, they have had 9 years in the majority in the House to have a clean increase in the minimum wage. They never did it. They would not let us do it, because they were in the majority.

They still will not do it. Only if we give the super-rich $800 billion. And American people are not stupid. They do not want a bad deal. They do not want a bad law. They do not want to give into hostage demands. They do not want to give in to extortion. They want an increase in the minimum wage, not another $800 billion gift to the super-rich because the Republican majority does not want to give it in any other way.

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

Mr. Speaker, I really would like to travel with some of you folks to restaurants and hotels and watch you go back and find someone who is getting the minimum wage and make that pitch to them. Because what they are going to say is, gee, you are right, I am glad you voted against increasing the minimum wage so I could get a few more bucks.

I understand doing it here on the floor. I understand doing it in those expensive fund-raisers that you hold. I have a really difficult time seeing someone who says, would you just give me an increase in the minimum wage buying that argument.

Mr. Speaker, I reserve the balance of my time.

Mr. RANGEL. Mr. Speaker, I yield 15 seconds to the gentleman from New Jersey (Mr. ROTHMAN) to respond to the distinguished gentleman.

Mr. ROTHMAN. Mr. Speaker, the distinguished chairman dares me to go back and tell my people. I am going to say, the Republicans will not give you the minimum wage increase unless we give $800 billion to the super-rich.

They will say, don't do it, STEVE. We will throw the Republicans out in November and get an increase in the minimum wage without them.

Mr. RANGEL. Mr. Speaker, I yield 1 minute to the gentlewoman from Texas (Ms. JACKSON-LEE).

(Ms. JACKSON-LEE of Texas asked and was given permission to revise and extend her remarks.)

Ms. JACKSON-LEE of Texas. Mr. Speaker, I would love to make law with the distinguished chairman, Mr. RANGEL, but it sure is tough. We have been 50 years in the desert, 50 years on an increase relevant to minimum wage. It is the lowest in 50 years.

Rather than take the 250 Members of this body who are willing to have an up and down vote, and my good friend who is the chairman, and I do believe he is a good friend, knows that the Senate is not, the other body is not going to take this bill the way it is. This is a joke.

Ten million people are going to be denied the minimum wage with this bill. This is a joke. No one is going to take this on the other side. So we do this in the midnight hour. We have a headline. We go home to campaign. You will. We will go home and tell the truth.

Give us an up and down vote on a $7.25 minimum wage up or down vote.

The joke is on you. This is an untruth and it makes no sense to put people who have been in the desert without getting any money for this joke, because you know your Senate Republicans are not taking this joke.

Mr. Speaker, it is time to vote up or down. Give us the 250 Members who will vote on a minimum wage. Vote for it now and throw this bill out the window.

Ms. JACKSON-LEE. Mr. Speaker, I rise in opposition to H.R. 5970, the Permanent Estate Tax, Minimum Wage, and Extenders Bill. But I would be remiss if I did not point out that it is clear that Republicans are playing politics with a pay raise for millions of American workers. We have had enough politics. It is time for a new direction.

Mr. Speaker, the Republican leadership is ignoring the American people, holding a pay raise for American workers hostage for partisan purposes. H.R. 5970 contains ''poison pills'' that will prevent the minimum wage increase from becoming law, most importantly a costly tax cut for multi-millionaires.

Mr. Speaker, H.R. 5970 is just a cynical, political ploy to defeat a minimum wage increase. It is a cruel hoax on the 6.6 million people who would get a raise with a minimum wage increase and would give a huge tax break to only 7,500 of the richest households in America.

The cynicism behind this ridiculous bill is as obvious as the Republicans devotion to giving away tax breaks to the wealthy and a hard time to the middle and working class. The aim of the H.R. 5970 is to make it look like Republicans support a minimum wage increase, while ensuring its demise in the Senate by attaching ''poison pills.''

Republicans' poison pill will cost nearly $753 billion when fully in effect, and impact less than 1 percent of all Americans, and Republicans are using that to derail an increase in the minimum wage for 6.6 million Americans.

Mr. Speaker, the only way to ensure that a minimum wage increase becomes law is to allow a straight up-or-down vote on H.R. 2429, the Fair Minimum Wage Act, which provides an increase to $7.25 an hour.

Mr. Speaker, Democrats have a New Direction for America, which raises the minimum wage and brings economic opportunity and security to all Americans, not just the privileged few.

OPPOSE ESTATE TAX REPEAL

Mr. Speaker, I have voted for estate tax relief before but I oppose this bill because it is irresponsible to cut taxes for the wealthy when the Nation is at war and the national debt is over $8 trillion. Indeed, Mr. Speaker, I think it is unconscionable to be considering voting another tax cut to the wealthiest 0.3 percent of Americans.

The Joint Committee on Taxation estimates that this estate tax proposal will cost the Federal Government $602 billion, plus an extra $160 billion when interest is accounted for. Only 0.5 percent of the richest families in America currently pay estate taxes. Moreover, under current law in 2009, only 3 out of every 1,000 estates will pay a penny in estate taxes—all couples with estates up to $7 million—99.7 percent—will pass on their entire estates tax-free. Any compromise proposal which deviates from 2009 current law—such as the bill before us—is therefore crafted entirely to benefit this tiny sliver of the richest estates. Particularly since I have voted for a fair estate tax initiative but this bill is not it.

According to recent polling data, nearly 60 percent of voters hold the initial, unaided view that estate tax should be left as is or reformed, and only 23 percent support repeal. When asked about the estate tax in the context of other budget priorities, voters rank repealing the estate tax as the last priority, and 55 percent of voters oppose repeal.

This so-called compromise, nearly as regressive and costly as a full repeal, is no compromise at all. Passing even this compromise legislation would constitute one of the most regressive tax cuts in the history of the United States. Middle- and lower-class Americans will be forced to shoulder the burden of radically decreasing the estate tax—both monetarily and through decreased public programs. In order to cover the monetary gap, the government will plunge further into debt, which will limit its ability to address the Social Security solvency gap and reduce the money available for public programs. It will also have to tap other tax sources, like payroll taxes, which will overwhelmingly hinder lower-income families.

I urge my colleagues to uphold the core American values of fairness and belief in meritocracy by rejecting this tax cut.

INCREASE MINIMUM WAGE

If we really wish to help the most deserving American families, we should raise the minimum wage from $5.15 to $7.25 over 3 years. Mr. Speaker, did you know that today's minimum wage of $5.15 today is the equivalent of only $4.23 in 1995, which is even lower than the $4.25 minimum wage level before the 1996–97 increase? It is scandalous, Mr. Speaker, that a person can work full-time, 40 hours per week, for 52 weeks, earning the minimum wage would gross just $10,700, which is well below the poverty line.

A minimum wage increase would raise the wages of millions of workers. An estimated 7.3 million workers—5.8 percent of the workforce—would receive an increase in their hourly wage rate if the minimum wage were raised from $5.15 to $7.25 by June 2007. Due to ''spillover effects,'' the 8.2 million workers—6.5 percent of the workforce—earning up to a dollar above the minimum would also be likely to benefit from an increase.

Raising the minimum wage will benefit working families. The earnings of minimum wage workers are crucial to their families' well-being. Evidence from the 1996–97 minimum wage increase shows that the average minimum wage worker brings home more than half—54 percent—of his or her family's weekly earnings. An estimated 760,000 single mothers with children under 18 would benefit from a minimum wage increase to $7.25 by June 2007. Single mothers would benefit disproportionately from an increase—single mothers are 10.4 percent of workers affected by an increase, but they make up only 5.3 percent of the overall workforce. Approximately 1.8 million parents with children under 18 would benefit.

Contrary to popular myths and urban legends, adults make up the largest share of workers who would benefit from a minimum wage increase. Seventy-two percent of workers whose wages would be raised by a minimum wage increase to $7.25 by June 2007 are adults—age 20 or older. Close to half—43.9 percent—of workers who would benefit from a minimum wage increase work full time and another third—34.5 percent—work between 20 and 34 hours per week.

Minimum wage increases benefit disadvantaged workers, and women are the largest group of beneficiaries from a minimum wage increase. 60.6 percent of workers who would benefit from an increase to $7.25 by 2007 are women. An estimated 7.3 percent of working women would benefit directly from that increase in the minimum wage.

A disproportionate share of minorities would benefit from a minimum wage increase. African-Americans represent 11.1 percent of the total workforce, but are 15.3 percent of workers affected by an increase. Similarly, 13.4 percent of the total workforce is Hispanic, but Hispanics are 19.7 percent of workers affected by an increase.

The benefits of the increase disproportionately help those working households at the bottom of the income scale. Although households in the bottom 20 percent received only 5.1 percent of national income, 38.1 percent of the benefits of a minimum wage increase to $7.25 would go to these workers. The majority of the benefits—58.5 percent—of an increase would go to families with working, prime-aged adults in the bottom 40 percent of the income distribution.

Among families with children and a low-wage worker affected by a minimum wage increase to $7.25, the affected worker contributes, on average, half of the family's earnings. Thirty-six percent of such workers actually contribute 100 percent of their family's earnings.

A minimum wage increase would help reverse the trend of declining real wages for low-wage workers. Between 1979 and 1989, the minimum wage lost 31 percent of its real value. By contrast, between 1989 and 1997—the year of the most recent increase—the minimum wage was raised four times and recovered about one-third of the value it lost in the 1980s.

Income inequality has been increasing, in part, because of the declining real value of the minimum wage. Today, the minimum wage is 33 percent of the average hourly wage of American workers, the lowest level since 1949. A minimum wage increase is part of a broad strategy to end poverty. As welfare reform forces more poor families to rely on their earnings from low-paying jobs, a minimum wage increase is likely to have a greater impact on reducing poverty.

Mr. Speaker, the opponents of the minimum wage often claim that increasing the wage will cost jobs and harm the economy. Of course, Mr. Speaker, there is no credible evidence to support such claims. In fact, a 1998 EPI study failed to find any systematic, significant job loss associated with the 1996–97 minimum wage increase. The truth is that following the most recent increase in the minimum wage in 1996–97, the low-wage labor market performed better than it had in decades. And after the minimum wage was increased, the country went on to enjoy the most sustained period of economic prosperity in history. We had historic low levels of unemployment rates, increased average hourly wages, increased family income, and decreased poverty rates. Studies have shown that the best performing small businesses are located in States with the highest minimum wages. Between 1998 and 2004, the job growth for small businesses

in States with a minimum wage higher than the Federal level was 6.2 percent compared to a 4.1 percent growth in States where the Federal level prevailed.

So much for the discredited notion that raising the minimum wage harms the economy. It does not. But it increases the purchasing power of those who most need the money, which is far more than can be said of the Republicans' devotion to cutting taxes for multimillionaires.

CONCLUSION

Mr. Speaker, Americans overwhelmingly side with progressive principles of rewarding hard work with a liveable wage. In a recent poll conducted by the Pew Research Center, 86 percent of Americans favored raising the minimum wage. In the 2004 election, voters in Florida and Nevada, two States won by President Bush, overwhelmingly approved ballot measures to raise the minimum wage. Even in Nevada's richest county, Douglas, where Bush received 63.5 percent of the vote, 61.5 percent of voters supported raising the minimum wage.

Forty-three percent of Americans consider raising the minimum wage to be a top priority. In contrast, only 34 percent considered making the recent Federal income tax cuts permanent and only 27 percent consider the passage of a constitutional amendment to ban same-sex marriage as top priorities.

Members of Congress have legislated a minimum salary for themselves and have seen fit to raise it eight times since they last raised the minimum wage. It is time we gave the Americans we represent a long overdue pay raise by increasing the minimum wage to $7.25 over 3 years. Even this amount does not keep pace with the cost of living. The minimum wage would have to be increased to $9.05 to equal the purchasing power it had in 1968. And if the minimum wage had increased at the same rate as the salary increase corporate CEOs have received, it would now be $23.03/hour.

Thank you, Mr. Speaker. It is time for a new direction. I urge my colleagues to reject H.R. 5970.

Finally, I have supported and do support the sales tax relief for Texas; however, the Republican majority knows that their bill is going nowhere and will not be heard by the Senate. We need an up or down vote on the minimum wage and an independent vote on sales tax relief on Federal income taxes for Texas—I would vote "yea" on both those two bills—which would not be a budget buster and deficit builder. The Republicans are simply playing games.

Mr. RANGEL. Mr. Speaker, I yield myself the balance of our time.

Mr. Speaker, I want to thank the Republicans for their honesty in expressing their concern at this late hour for the minimum wage bill. At least we know on the record, they know what the situation is, they know how long it has been since these people have not been able to increase the minimum wage.

It would just seem to me, though, that honesty would dictate that this subject alone, the millions of people that are affected, would warrant that we not put it in any other kind of package, but we deal with it by itself because it deserves to be dealt with by itself.

Mr. Speaker, I do not think that you have to really be a politician to understand that when any bill is going to cost $800 billion, and it only has 7,500 people as a beneficiary, I think you can call that controversial. I think you can say that all of the editorials believe it is unfair. People are talking about a Nation at war, a Nation that has a deficit, a Nation that has Katrina, a Nation that does not fund its health system.

They are concerned about the deficit, they are concerned about the war, and they should be concerned about close to a trillion dollars loss in revenue for people that have these large estates.

Now, for those who believe that they should get relief. Good. But why mix the two? Why take the poor folks and hold them hostage because you cannot get enough political support to get what you really want out of this, not help, I mean you are just not known to be concerned about coal miners. It is not my fault.

You are not known to have compassion about working people. It is not my fault. You are known to be concerned about the wealthiest people in our Nation. That is not your fault, you just cannot help yourself.

But why would you bring these things together and just give us one vote? Why do you not give America an opportunity to determine which side you are on? Are you with the minimum wage enough so that you give them a vote to say this is what you believe in, or are you so scared to death politically that you cannot get this 800-trillion-dollar gorilla off the ground that you have to throw in something that sounds compassionate?

I do not know, but I know one thing, it all does not come out of the same committee. So you are not only mixing ideas in terms of tax incentives and giving away money, but what you are doing is taking committees with different jurisdictions, and bringing it together in the middle of the night, and asking people to vote on these things.

Mr. Speaker, I do not think it is fair. But I do believe that the American people will be able to determine the difference between our parties. That is what makes our country great. I want to thank you for being able to admit that you just cannot get your package off the ground unless you throw in poor folks' help with it.

Mr. THOMAS. Mr. Speaker, I yield myself the balance of the time.

Mr. Speaker, perhaps you did not hear the gentleman from New York's closing statement, that we are just going to have to throw the poor folks out with it. Let me get this straight. We want to vote "aye". That would produce a higher minimum wage. We want to vote "aye". That will provide those low-income people, especially in States like Texas, with a State and local sales tax deduction.

We want to vote "aye", so the work opportunity tax credit can continue. We want to vote "aye" so the welfare-to-work program will continue. But you are for those low-income folk. So you want to vote "no", which would deny the minimum wage, which would deny the State and local sales tax, which would deny the work opportunity tax credit, which would deny the welfare-to-work, and you are going to convince these folk that what you are doing is protecting them.

Well, let me tell you, if I had a gerrymandered district like some of you folks do, I guess I could get away with it. I do not. When you look at this vote tonight, no matter how much you squirm, no matter how much you squeal, no matter how much you protest, it is very simple.

An "aye" vote increases the minimum wage. An "aye" vote allows State and local sales tax to be deducted. An "aye" vote allows the work opportunity tax credit to continue. An "aye" vote allows the welfare-to-work program to continue.

No matter how much you are offended, if you vote "no", none of those will happen. Mr. Speaker, I have said it already, I will say it again to The gentleman from New York, this is an opportunity. This is a positive gesture on my part. Join me in making sure that those low-income people you are so compassionate about but cannot support will come with me and I will support them so that your compassion and my support, in terms of a "yes" vote, will actually deliver them something other than rhetoric.

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So I would love to have you vote "yes" so we are both supporting them. But you go ahead, bring your compassion, I will bring the "yes" vote along with the majority of people here bringing a "yes" vote, and we will pass it.

Mr. PENCE. Mr. Speaker, I come to this floor wishing for a different choice than the one before me. The bill under debate provides permanent estate and gift tax relief—something I have long supported. That is why the choice before us tonight is so difficult. While this bill will provide relief to American farmers and small business owners, it also will do much harm to those very same people and the people they employ because of the irresponsible 41% increase in the minimum wage that it also contains. This increase in the minimum wage is excessive and will hurt the poor and those entering the workforce by reducing the number of entry level positions in our economy.

Minimum wage increases raise unemployment among teenagers, minorities and part-time workers. The minimum wage violates fundamental free market economics. It costs jobs, and I cannot support policies that will take jobs from those who need a paycheck the most.

Any proposal containing a minimum wage increase should be jobs-neutral. If the federal government increases costs for businesses with one hand, it is only right that it reduce costs for businesses with the other. And while this legislation does contain good tax extensions, in totality, it is not jobs-neutral. This increase in the minimum wage will cost American jobs, and I cannot support it.

Additionally, this bill contains unrelated elements added during the eleventh hour. A budget-busting provision is included that converts the Abandoned Mine Land program from discretionary to mandatory spending. The result is an increase in the deficit of $3.9 billion over the next 10 years.

Mr. Speaker, I would like to stand before you tonight and say that I could support this bill because more than anyone, I want permanent death tax relief. But, I cannot in good conscience vote for a bill that also contains an excessive minimum wage increase that will hurt small businesses and cost American jobs. And, I cannot vote for a bill that busts the budget by nearly $4 billion over 10 years. Regretfully, Mr. Speaker, for those reasons I stand tonight in opposition to this bill.

Mr. BLUMENAUER. Mr. Speaker, after having their wages frozen since 1997, it is time to give a long overdue raise to millions of Americans who work hard but are paid only $5.15 per hour.

The Federal minimum wage is the lowest it has been, adjusted for inflation, in more than 50 years. Nine years have passed since the last increase and yet education, energy and healthcare costs have skyrocketed. No one can house, feed, and educate a household by earning the current Federal minimum wage.

Luckily in Oregon, voters passed a statewide initiative in 2002 which raises our own minimum wage that provides an automatic inflation adjustment. With the increase, we have seen significant benefits for our workforce without any ill effects for our economy. Instead of doomsayer predictions of job losses, Oregon has experienced the 8th fastest job growth amongst states since the legislation was enacted.

After months of stalling, the Republican leadership was finally forced to allow a vote. Unfortunately it was not a simple vote on minimum wage, but a loaded bill with costly and unnecessary provisions. This bill provides permanent estate tax relief for the wealthy by increasing estate and gift tax exemptions and lowering tax rates.

Even worse, the intent to raise the existing minimum wage is actually decreasing the wages of some workers due to the tip credit provision. This provision provides that tips must be counted towards the minimum wage. In Oregon restaurant workers are paid $7.50 per hour and yet this legislation would reduce their wage to only $5.15 per hour.

The bill is so poorly drafted that one interpretation would potentially double the minimum wage for select workers, while the other would show a decrease in the same jobs.

This bill should be firmly rejected. The minimum wage needs to be increased by crafting a simple and clear solution that protects states with existing legislation. Under no circumstance should the Federal government undercut what Oregon voters have already established.

Mr. SHAYS. Mr. Speaker, the time is past due for a raise in the Federal minimum wage, which as last increased 10 years ago. Today, workers making the least should be heartened that this legislation will raise their wages 41 percent to $7.25 per hour over the next 3 years.

Some argue that raising the minimum wage increases unemployment and prices. This is true only if the minimum wage is set too high or phased in too quickly. If done properly, there should be little to no impact on employment or prices.

I am also pleased we are lowering the estate tax, but adopting a far more rational approach than full repeal.

Under this legislation, small business owners will be able to know their businesses can be left with their families when they pass on because of a significantly reduced tax rate. Wealthy individuals would still pay something, between 15 and 30 percent on their estates, but not the 46 percent in existing law.

Because estate and gift taxes has a harmful impact on small businesses—many of which are forced to liquidate assets simply to pay estate taxes which fluctuates in crazy fashion, from 46 percent this year, to 0 percent in 2010 and way back up to 55 percent 2011—we must intervene and provide relief. This bill will protect families and business while still making sure the very wealthy are paying back something to society.

Mr. PAUL. Mr. Speaker, I appreciate the opportunity to address my concerns with H.R. 5970, a bill to raise the federally mandated minimum wage. Before addressing the substance of this bill, I must address the flaws in the process under which this bill is brought before us. Neither I nor my staff had received any indication the bill before us tonight would be considered by the House until late this afternoon, and the only way a member of the general public could learn about this bill is to look on the Rules Committee website. Therefore, Members of Congress are being asked to vote for a major piece of legislation that was introduced just hours before being voted on the Friday night before Congress adjourns for the month of August.

The practice of rushing bills to the floor before individual Members have had a chance to study the bills is one of the major factors contributing to public distrust of Congress. Mr. Speaker, I have introduced legislation, the Sunlight Rule (H. Res. 709), to prevent situations like the one currently confronting Members. The Sunlight Rule prohibits any piece of legislation, including conference reports, from being brought before the House of Representatives unless it has been available to Members and staff in both print and electronic versions for at least 10 days. H. Res. 709 also requires that conference reports and manager's amendments that make substantive changes to a bill must be available in both printed and electronic forms at least 72 hours before a vote.

The announced purpose of this bill is to raise living standards for all Americans. This is certainly an admirable goal, however, to believe that Congress can raise the standard of living for working Americans by simply forcing employers to pay their employees a higher wage is equivalent to claiming that Congress can repeal gravity by passing a law saying humans shall have the ability to fly.

Economic principles dictate that when government imposes a minimum wage rate above the market wage rate, it creates a surplus ''wedge'' between the supply of labor and the demand for labor, leading to an increase in unemployment. Employers cannot simply begin paying more to workers whose marginal productivity does not meet or exceed the law-imposed wage. The only course of action available to the employer is to mechanize operations or employ a higher-skilled worker whose output meets or exceeds the ''minimum wage.'' This, of course, has the advantage of giving the skilled worker an additional (and government-enforced) advantage over the unskilled worker. For example, where formerly an employer had the option of hiring three unskilled workers at $5 per hour or one skilled worker at $16 per hour, a minimum wage of $6 suddenly leaves the employer only the choice of the skilled worker at an additional cost of $1 per hour. I would ask my colleagues, if the minimum wage is the means to prosperity, why stop at $6.65—why not $50, $75, or $100 per hour?

Those who are denied employment opportunities as a result of the minimum wage are often young people at the lower end of the income scale who are seeking entry-level employment. Their inability to find an entry-level job will limit their employment prospects for years to come. Thus, raising the minimum wage actually lowers the employment opportunities and standard of living of the very people proponents of the minimum wage claim will benefit from government intervention in the economy!

Furthermore, interfering in the voluntary transactions of employers and employees in the name of making things better for low wage earners violates citizens' rights of association and freedom of contract as if to say to citizens ''you are incapable of making employment decisions for yourself in the marketplace.''

Mr. Speaker, I do not wish my opposition to this bill to be misconstrued as counseling inaction. Quite the contrary, Congress must enact ambitious program of tax cuts and regulatory reform to remove government-created obstacles to job growth. However, Mr. Speaker, Congress should not fool itself into believing that the package of tax cuts included in this bill will compensate for the damage inflicted on small businesses and their employees by the minimum wage increase. This assumes that Congress is omnipotent and thus can strike a perfect balance between tax cuts and regulations so that no firm, or worker, in the country is adversely affected by Federal policies. If the 20th Century taught us anything it was that any and all attempts to centrally plan an economy, especially one as large and diverse as America's, are doomed to fail.

In conclusion, I would remind my colleagues that while it may make them feel good to raise the Federal minimum wage, the real life consequences of this bill will be vested upon those who can least afford to be deprived of work opportunities. Therefore, rather than pretend that Congress can repeal the economic principles, I urge my colleagues to reject this legislation and instead embrace a program of tax cuts and regulatory reform to strengthen the greatest producer of jobs and prosperity in human history: the free market.

Mr. UDALL of Colorado. Mr. Speaker, this bill is an example of the worst kind of political game playing.

After months and months of short workweeks and long breaks, now the Republican leadership has brought the House into session late today—and for what?

Certainly not for a simple vote on raising the minimum wage—even though that's long overdue.

No, instead the purpose of this grab-bag of a bill is to provide political cover for people who want to say they voted to raise the minimum wage but don't want their votes to actually produce that result.

That's why the Republican leaders have chained onto the minimum-wage increase the deadweight of an estate-tax revision bill like the one the House passed last month—a bill so badly flawed that it has already reached dead end in the other body. They know that the added weight will mean that even if this bill is launched from the House it will not fly, and will never reach the President's desk.

It's a cynical move. And it's a lost opportunity—because if the estate-tax part of this bill were good enough to give the package a long-shot chance of enactment, the bill would merit support.

But, like the version we passed last month, the estate-tax part of this bill does not have that chance, because it does not represent a true compromise. While benefiting only a very few—the very largest estates—it would irresponsibly reduce federal revenue at a time when the country is at war and the budget is already deeply in deficit. And to make matters worse, it includes unrelated provisions that are even less fiscally responsible, such as a special tax break for timber companies that would reopen a loophole that was closed when President Reagan signed the landmark Tax Reform Act of 1986.

My opposition to this bill does not mean I am opposed to reducing estate taxes. When the House considered the estate-tax bill last month, I supported an alternative that would have raised the amount of an estate excluded from taxes to $6 million per couple and increased this to $7 million by 2009. This not only would have provided relief for small businesses and family farmers, but it would have done so in a much more fiscally responsible way, because it would have reduced revenues by much less than this bill. It also would have simplified estate-tax planning for married couples, who could carry over any unused exemption to the surviving spouse and so assured that the full $7 million would be available.

Furthermore, that alternative would have transferred the revenue from the estate tax to strengthen the Social Security trust fund, a change that, according to the Social Security Actuary, would solve one quarter of the trust fund's shortfall.

If the Republican leadership allowed us to vote on that—even as an added burden on a bill to raise the minimum wage—I would vote for it. But they could not do that, because that kind of true compromise—a reasonable and responsible compromise that would have a good chance of approval in the Senate—would not fit their plan to use the estate tax as a weight to sink the minimum wage increase.

So, once again, I have no responsible choice but to oppose what the Republican leadership has put before us and to vote against this cynical maneuver disguised as a serious legislative proposal.

Mr. KING of Iowa. Mr. Speaker, there is no doubt that most of the provisions contained in H.R. 5970 are good for America. I am in complete agreement with those who argue that no American family should be forced to sell off their loved one's life work in order to pay the federal inheritance tax bill. I have always considered the Death Tax to be a scourge on America, and I will continue working to bring about the day when this destructive tax is permanently repealed. In addition, as one who believes that our federal income tax code should be replaced by a national sales tax, under most circumstances, I would eagerly support the many provisions of this bill that are aimed at reducing the burden of taxation on hard-working Americans. Unfortunately, however, these provisions were brought before us this evening in an attempt to compensate for, and distract attention from, a politically-motivated, economically nonsensical, and utterly unprincipled move to raise the federally-mandated minimum wage.

When we artificially raise wages, we will force small businesses to either hire fewer workers; shrink their labor force; transition to more efficient means of production, like automation; or simply close their doors altogether. The effect that this wage hike will have on the American worker is simple: it will price low-wage workers—the very people it is intended to help—out of the labor market.

Labor is a commodity like corn, beans, gold or oil, and its value should be established by supply and demand in the marketplace—not by congressional mandate. If it makes sense to legislate a minimum wage, it also makes sense to legislate a living wage. And, if it makes sense to legislate a living wage, it makes sense to simply legislate prosperity . Yet, if Congress passed a law that everyone had to make $1,000,000 a year, there would only be a handful of people with a job in this country.

Eliminating the Death Tax on small business owners stands on its own merit. But, adding inheritance tax reforms to a minimum wage mandate that will cripple small businesses is a losing proposition. While I am supportive of the provisions in this bill that will undoubtedly bring much needed relief to the American taxpayer, I would be doing my constituents and the people of this nation a great disservice if I attempted to use these "sweeteners" to force the poison pill of a minimum wage hike down the throats of America's small business owners.

Mr. PASCRELL. Mr. Speaker, I rise tonight appalled by the way Republican leadership has decided to turn against American workers by playing politics, instead of passing a clean minimum wage increase.

It is shameful that millions of Americans are suffering the economic injustice of working a full-time job and earning a wage that leaves them below the poverty line.

It is unconscionable that we stand here tonight debating provisions on the estate tax and the extension of expiring tax provisions. These provisions only serve as a political ploy to kill any increase to the minimum wage.

Working-class Americans have waited too long, close to a decade in fact, for an increase in the minimum wage. This has been the second longest period without a pay raise since the Federal minimum wage law was first enacted in 1938.

Over this last decade while the minimum wage has remained stagnant, the cost of basic necessities such as energy and healthcare have skyrocketed—meaning that the minimum wage is no longer a livable wage.

Today a minimum wage earner has to work a day and a half just to pay for a full tank of gas. That is simply shameful.

As Americans we have always been told that if you have a job, and you work hard, you will have a secure future in our Nation. Yet, millions of Americans who do have jobs and who do work hard everyday have joined the ranks of the "working poor."

In fact, the number of full-time year-round workers who are poor has more than doubled since the late 1970s.

Let there be no doubt, a vote to increase the minimum wage to $7.25/hour is a vote to alleviate poverty in America, and it is a vote to help eliminate the term "working poor" from our reality.

Members of this body should be allowed a straight up-or-down vote on legislation to raise the minimum wage to a true livable wage of $7.25/hour over the next 2 years.

But instead the Republican leadership here in the House of Representatives has chosen to play dirty politics and attach poison pill provisions to this legislation with the implicit expectation of killing a real minimum wage increase.

It is quite simply a slap in the face for working-class Americans.

Ms. MILLENDER-McDONALD. Mr. Speaker, I rise today in strong opposition to the House Republican minimum wage legislation which is not a clean bill. A clean bill would not have poison pills in it.

Mr. Speaker this is a sad day. The American people need our help. From coast to coast, the lowest paid Americans are clamoring for assistance as they struggle to live off of wages not suitable for this decade. It is obvious that an increase in the minimum wage is sadly overdue.

Unfortunately, when the majority finally provides the opportunity to vote on increasing the minimum wage, it comes to us bloated, filled with provisions harmful to the American worker and which ensure that this legislation is never enacted.

While it is unfortunate that the majority leadership has not seen fit to bring legislation to the floor that neither the American people nor most of my colleagues have had a chance to review, it is downright insulting that the legislation on the floor today was written knowing that it will never pass out of the Senate. This bill is dead on arrival in the Senate.

For the last two-years, the Democrats have fought to increase the minimum wage. The effect of the last minimum wage increase in 1996–97 has been completely eroded by inflation, which, when factored in, the $5.15 minimum wage today is lower than the $4.25 minimum wage level before the 1996–97 increase. At the same time fuel prices have continued to skyrocket, housing prices are soaring and health care continues to be out of reach for those whose jobs do not provide it for them.

If the Democrat minimum wage initiative would come to the floor, an estimated 14.9 million workers would receive an increase in their hourly wage rate if the Democrat minimum wage were raised. Over half a million of these workers reside in my home State of California. But this Republican bill does not provide the minimum wage increase American workers need. It delays the increase and nullifies wage protections for tipped workers.

Mr. Speaker, in the almost 10 years since the last increase in the minimum wage, the purchasing power of the minimum wage has deteriorated by 20 percent and the value of the minimum wage is at its lowest level since 1955 when adjusted for inflation. This is clearly unacceptable. The American people need us more than ever. I urge my colleagues to only support a clean bill focused solely on the minimum wage and to vote against this Republican legislation in its current form.

Ms. EDDIE BERNICE JOHNSON of Texas. Mr. Speaker it has been almost 10 years since we've seen an increase in the Federal minimum wage.

Unfortunately, this bill here today is not about helping American workers.

The bill is full of poison pills—tax breaks for the wealthy and hand-outs for special interests.

This is nothing more than a backdoor attempt to put money in the pockets of the wealthiest among us.

We're playing politics and decent hard-working Americans are the ones paying the price.

The reality is that there are millions of workers trying to support their families on $5.15 per hour.

Each day millions of minimum wage workers are forced to choose between food, shelter, health care or clothing.

No American who works hard for a living should have to make those types of choices.

Mr. Speaker, it is time for a new direction that truly reflects our core American values.

These hardworking Americans deserve an up-or-down vote on a clean minimum wage bill.

Mr. UDALL of New Mexico. Mr. Speaker, for nearly a decade, millions of American workers have waited for an increase in the Federal minimum wage, but none has come. They have watched as the purchasing power of their paycheck has crumbled, giving way to inflation. Many are working families, struggling to make ends meet, yet for 9 years Congress has ignored them and refused to pass a clean, simple increase in the minimum wage.

Nearly 44 percent of minimum wage workers work full time, nearly two-thirds of whom are women. Even working full time, they often remain below the poverty line. They are unable to buy their own home, cannot afford health insurance for themselves and their children, and often take a second job just to pay the bills.

Mr. Speaker it is time to increase the Federal minimum wage. I strongly support implementing a 2-year plan that would increase the minimum wage from $5.15 an hour to $7.25 an hour. However, I also strongly support passing such legislation cleanly, without attachments of tax cuts, without attachment of controversial language or convoluted provisions. We must demonstrate that we support those American families, those who are wondering why they are working 50-hour work weeks yet cannot seem to make ends meet.

Ms. BORDALLO. Mr. Speaker, I rise today in strong support of providing American workers a living wage with which to support and improve their families' livelihoods. Those in America who receive the minimum wage for their labors are particularly vulnerable to experiencing greater financial pressures and a lower overall quality of life.

The national minimum wage has not been increased in 9 years and has not kept pace with household expenses. Raising the minimum wage will help lift many families on Guam out of poverty. An increase in the Federal minimum wage is long overdue, as evidenced by the recent actions taken by the Guam Legislature and the Governor to increase the local minimum wage.

Living wages help families ensure that their children receive proper nutrition, quality education, and good health care. These are essential to ensuring that children have happy, productive and healthy childhoods. Living wages earned by American workers also help American families realize important financial goals as well as improving, long-term financial well-being. Eliminating high-interest debt, achieving home ownership, and investing now for a child's future higher education costs and a parents' retirement, for instance, are goals more easily realized by workers who earn a living wage.

Americans have proven to be productive, innovative, and resourceful workers. Their wages should reflect this reality. A worker's wage represents his or her worth to an employer. But it also represents much more. Wages and salaries are the foundations upon which families are begun. Living wages and salaries provide the financial security under which those families can grow. A worker's wage or salary helps ensure his or her financial future. Receiving a living wage is well deserved by American workers.

Mr. SCHIFF. Mr. Speaker, I rise today to express my disappointment that once again the Members of this House appear poised to let another opportunity pass us by that would have a meaningful impact in the lives of millions of American families. Today, we are voting on a bill that has been rushed to this House floor and purports to raise the Federal minimum wage. In reality, however, the bill before us seeks to muddy the waters about whether America's lowest paid workers deserve to make a living wage.

In stark contrast to the bill before us today, Mr. MILLER, the ranking member of the House Committee on Education and the Workforce, has introduced very simple legislation that would increase the Federal minimum wage to $7.25 per hour over the course of the next 2 years. This bill was introduced in May of 2005 and has yet to receive a hearing.

The hastily drafted bill before us today, however, was only introduced earlier this afternoon, and the House leadership has brought it to the floor for a vote.

This legislation adds unrelated and controversial provisions, that I'm sure some hope will end the debate and ensure that a meaningful increase in our minimum wage never takes place. We should instead, be voting today on a straightforward bill that simply raises the Federal minimum wage to a level that ensures that working families can emerge from the grasp of poverty.

Before the House adjourns for the August recess, I believe we owe the American people a simple up-or-down vote on whether or not working Americans deserve a decent living wage.

The current minimum wage of $5.15 per hour is not a living wage. It is not a wage on which single individuals, working full time, can adequately support themselves, and it is most certainly not a wage on which a single mother or single father can raise a family.

Millions of hard-working Americans would directly benefit from a minimum wage increase. Some would argue that this would only benefit high school students and young adults who are being paid minimum wages on their first job at a fast food restaurant. In fact, more than 84 percent of workers who would directly benefit from a minimum wage increase are above the age of 20. In addition, nearly 60 percent of those individuals work full time, and 45 percent of them are married and/or have children.

They are the victims of our inaction, Mr. Speaker. In many cases, it is our children who will suffer. I am ashamed that nearly 36 million Americans live in poverty in our country, and that nearly 13 million of those who live below the poverty line are children. With a very simple vote today—on a very simple piece of legislation—we could dramatically increase the physical, mental, and financial wellbeing of countless American children. No one who works for a living should have to live in poverty, and the children of these working families must not be made to suffer for our collective lack of moral conviction.

I call on my friends on the other side of the aisle, and I ask them to partner with us to pass a meaningful increase in the Federal minimum wage. We must pass legislation that does not contain controversial provisions that divide us. Instead, we should speak with one voice, as one Congress, and tell working Americans that we value their work, that we understand their sacrifices, and that they deserve to make a living wage.

The SPEAKER pro tempore. All time for debate has expired.

Pursuant to House Resolution 966, the bill is considered read and the previous question is ordered.

The question is on the engrossment and third reading of the bill.

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

MOTION TO RECOMMIT OFFERED BY MR. GEORGE MILLER OF CALIFORNIA

Mr. GEORGE MILLER of California. Mr. Speaker, I offer a motion to recommit.

The SPEAKER pro tempore. Is the gentleman opposed to the bill?

Mr. GEORGE MILLER of California. I am in its present form.

The SPEAKER pro tempore. The Clerk will report the motion to recommit.

The Clerk read as follows:

Mr. George Miller of California moves to recommit the bill, H.R. 5970 to the Committee on Education and the Workforce with instructions to report the bill back to the House forthwith with the following amendment:

Strike all after the enacting clause and insert the following:

SECTION 1. SHORT TITLE; TABLE OF CONTENTS.

(a) SHORT TITLE.—This Act may be cited as the ''Fair Minimum Wage and Extension of Tax Relief Act''.

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

Sec. 1. Short title; table of contents.

TITLE I—INCREASE IN THE MINIMUM WAGE

Sec. 101. Increase in the minimum wage.
Sec. 102. Applicability of minimum wage to the Commonwealth of the Northern Mariana Islands.

TITLE II—EXTENSION AND EXPANSION OF CERTAIN TAX RELIEF PROVISIONS

Subtitle A—Extension and Modification of Certain Provisions

Sec. 201. Deduction for qualified tuition and related expenses.
Sec. 202. Extension and modification of new markets tax credit.
Sec. 203. Election to deduct State and local general sales taxes.
Sec. 204. Extension and modification of research credit.

Sec. 205. Work opportunity tax credit and welfare-to-work credit.
Sec. 206. Election to include combat pay as earned income for purposes of earned income credit.
Sec. 207. Extension and modification of qualified zone academy bonds.
Sec. 208. Above-the-line deduction for certain expenses of elementary and secondary school teachers.
Sec. 209. Extension and expansion of expensing of brownfields remediation costs.
Sec. 210. Tax incentives for investment in the District of Columbia.
Sec. 211. Indian employment tax credit.
Sec. 212. Accelerated depreciation for business property on Indian reservations.
Sec. 213. Fifteen-year straight-line cost recovery for qualified leasehold improvements and qualified restaurant property.
Sec. 214. Cover over of tax on distilled spirits.
Sec. 215. Parity in application of certain limits to mental health benefits.
Sec. 216. Corporate donations of scientific property used for research and of computer technology and equipment.
Sec. 217. Availability of medical savings accounts.
Sec. 218. Taxable income limit on percentage depletion for oil and natural gas produced from marginal properties.
Sec. 219. American Samoa economic development credit.
Sec. 220. Restructuring of New York Liberty Zone tax credits.
Sec. 221. Extension of bonus depreciation for certain qualified Gulf Opportunity Zone property.
Sec. 222. Authority for undercover operations.
Sec. 223. Disclosures of certain tax return information.

Subtitle B—Other Provisions

Sec. 231. Deduction allowable with respect to income attributable to domestic production activities in Puerto Rico.
Sec. 232. Credit for prior year minimum tax liability made refundable after period of years.
Sec. 233. Returns required in connection with certain options.
Sec. 234. Partial expensing for advanced mine safety equipment.
Sec. 235. Mine rescue team training tax credit.
Sec. 236. Whistleblower reforms.
Sec. 237. Frivolous tax submissions.
Sec. 238. Addition of meningococcal and human papillomavirus vaccines to list of taxable vaccines.
Sec. 239. Clarification of taxation of certain settlement funds made permanent.
Sec. 240. Modification of active business definition under section 355 made permanent.
Sec. 241. Revision of State veterans limit made permanent.
Sec. 242. Capital gains treatment for certain self-created musical works made permanent.
Sec. 243. Reduction in minimum vessel tonnage which qualifies for tonnage tax made permanent.
Sec. 244. Modification of special arbitrage rule for certain funds made permanent.
Sec. 245. Great Lakes domestic shipping to not disqualify vessel from tonnage tax.
Sec. 246. Use of qualified mortgage bonds to finance residences for veterans without regard to first-time homebuyer requirement.
Sec. 247. Exclusion of gain from sale of a principal residence by certain employees of the intelligence community.
Sec. 248. Treatment of coke and coke gas.
Sec. 249. Sale of property by judicial officers.
Sec. 250. Premiums for mortgage insurance.
Sec. 251. Modification of refunds for kerosene used in aviation.
Sec. 252. Deduction for qualified timber gain.
Sec. 253. Credit to holders of rural renaissance bonds.
Sec. 254. Restoration of deduction for travel expenses of spouse, etc. accompanying taxpayer on business travel.
Sec. 255. Technical corrections.

TITLE III—SURFACE MINING CONTROL AND RECLAMATION ACT AMENDMENTS OF 2006

Sec. 301. Short title.

Subtitle A—Mining Control and Reclamation

Sec. 311. Abandoned Mine Reclamation Fund and purposes.
Sec. 312. Reclamation fee.
Sec. 313. Objectives of Fund.
Sec. 314. Reclamation of rural land.
Sec. 315. Liens.
Sec. 316. Certification.
Sec. 317. Remining incentives.
Sec. 318. Extension of limitation on application of prohibition on issuance of permit.
Sec. 319. Tribal regulation of surface coal mining and reclamation operations.

Subtitle B—Coal Industry Retiree Health Benefit Act

Sec. 321. Certain related persons and successors in interest relieved of liability if premiums prepaid.
Sec. 322. Transfers to funds; premium relief.
Sec. 323. Other provisions.

TITLE I—INCREASE IN THE MINIMUM WAGE

SEC. 101. INCREASE IN THE MINIMUM WAGE.

(a) IN GENERAL.—Section 6(a)(1) of the Fair Labor Standards Act of 1938 (29 U.S.C. 206(a)(1)) is amended to read as follows:

''(1) except as otherwise provided in this section, not less than—

''(A) $5.15 an hour beginning September 1, 1997;

''(B) $5.85 an hour, beginning on the 60th day after the date of enactment of the Fair Minimum Wage and Extension of Tax Relief Act of 2006;

''(C) $6.55 an hour, beginning 12 months after that 60th day; and

''(D) $7.25 an hour, beginning 24 months after that 60th day;''.

SEC. 102. APPLICABILITY OF MINIMUM WAGE TO THE COMMONWEALTH OF THE NORTHERN MARIANA ISLANDS.

(a) IN GENERAL.—Section 6 of the Fair Labor Standards Act of 1938 (29 U.S.C. 206) shall apply to the Commonwealth of the Northern Mariana Islands.

(b) TRANSITION.—Notwithstanding subsection (a), the minimum wage applicable to the Commonwealth of the Northern Mariana Islands under section 6(a)(1) of the Fair Labor Standards Act of 1938 (29 U.S.C. 206(a)(1)) shall be—

(1) $3.55 an hour, beginning on the 60th day after the date of enactment of this Act; and

(2) increased by $0.50 an hour (or such lesser amount as may be necessary to equal the minimum wage under section 6(a)(1) of such Act), beginning 6 months after the date of enactment of this Act and every 6 months thereafter until the minimum wage applicable to the Commonwealth of the Northern Mariana Islands under this subsection is equal to the minimum wage set forth in such section.

TITLE II—EXTENSION AND EXPANSION OF CERTAIN TAX RELIEF PROVISIONS

Subtitle A—Extension and Modification of Certain Provisions

SEC. 201. DEDUCTION FOR QUALIFIED TUITION AND RELATED EXPENSES.

(a) IN GENERAL.—Section 222(e) is amended by striking ''2005''and inserting ''2007''.

(b) CONFORMING AMENDMENTS.—Section 222(b)(2)(B) is amended—

(1) by striking ''a taxable year beginning in 2004 or 2005'' and inserting ''any taxable year beginning after 2003'', and

(2) by striking ''2004 AND 2005'' in the heading and inserting ''AFTER 2003''.

(c) EFFECTIVE DATE.—The amendments made by this section shall apply to taxable years beginning after December 31, 2005.

SEC. 202. EXTENSION AND MODIFICATION OF NEW MARKETS TAX CREDIT.

(a) EXTENSION.—Section 45D(f)(1)(D) is amended by striking ''and 2007'' and inserting '', 2007, and 2008''.

(b) REGULATIONS REGARDING NON-METROPOLITAN COUNTIES.—Section 45D(i) is amended by striking ''and'' at the end of paragraph (4), by striking the period at the end of paragraph (5) and inserting '', and'', and by adding at the end the following new paragraph:

''(6) which ensure that non-metropolitan counties receive a proportional allocation of qualified equity investments.''.

(c) EFFECTIVE DATE.—The amendments made by this section shall take effect on the date of the enactment of this Act.

SEC. 203. ELECTION TO DEDUCT STATE AND LOCAL GENERAL SALES TAXES.

(a) IN GENERAL.—Section 164(b)(5)(I) is amended by striking ''2006'' and inserting ''2008''.

(b) EFFECTIVE DATE.—The amendments made by this section shall apply to taxable years beginning after December 31, 2005.

SEC. 204. EXTENSION AND MODIFICATION OF RESEARCH CREDIT.

(a) EXTENSION.—

(1) IN GENERAL.—Section 41(h)(1)(B) is amended by striking ''2005'' and inserting ''2007''.

(2) CONFORMING AMENDMENT.—Section 45C(b)(1)(D) is amended by striking ''2005'' and inserting ''2007''.

(3) EFFECTIVE DATE.—The amendments made by this subsection shall apply to amounts paid or incurred after December 31, 2005.

(b) INCREASE IN RATES OF ALTERNATIVE INCREMENTAL CREDIT.—

(1) IN GENERAL.—Subparagraph (A) of section 41(c)(4) (relating to election of alternative incremental credit) is amended—

(A) by striking ''2.65 percent'' and inserting ''3 percent'',

(B) by striking ''3.2 percent'' and inserting ''4 percent'', and

(C) by striking ''3.75 percent'' and inserting ''5 percent''.

(2) EFFECTIVE DATE.—The amendments made by this subsection shall apply to amounts paid or incurred after December 31, 2006.

(c) ALTERNATIVE SIMPLIFIED CREDIT FOR QUALIFIED RESEARCH EXPENSES.—

(1) IN GENERAL.—Subsection (c) of section 41 (relating to base amount) is amended by redesignating paragraphs (5) and (6) as paragraphs (6) and (7), respectively, and by inserting after paragraph (4) the following new paragraph:

''(5) ELECTION OF ALTERNATIVE SIMPLIFIED CREDIT.—

''(A) IN GENERAL.—At the election of the taxpayer, the credit determined under subsection (a)(1) shall be equal to 12 percent of so much of the qualified research expenses for the taxable year as exceeds 50 percent of the average qualified research expenses for the 3 taxable years preceding the taxable year for which the credit is being determined.

''(B) SPECIAL RULE IN CASE OF NO QUALIFIED RESEARCH EXPENSES IN ANY OF 3 PRECEDING TAXABLE YEARS.—

''(i) TAXPAYERS TO WHICH SUBPARAGRAPH APPLIES.—The credit under this paragraph shall be determined under this subparagraph if the taxpayer has no qualified research expenses in any one of the 3 taxable years preceding the taxable year for which the credit is being determined.

''(ii) CREDIT RATE.—The credit determined under this subparagraph shall be equal to 6 percent of the qualified research expenses for the taxable year.

''(C) ELECTION.—An election under this paragraph shall apply to the taxable year for which made and all succeeding taxable years unless revoked with the consent of the Secretary. An election under this paragraph may not be made for any taxable year to which an election under paragraph (4) applies.''.

(2) COORDINATION WITH ELECTION OF ALTERNATIVE INCREMENTAL CREDIT.—

(A) IN GENERAL.—Section 41(c)(4)(B) (relating to election) is amended by adding at the end the following: ''An election under this paragraph may not be made for any taxable year to which an election under paragraph (5) applies.''.

(B) TRANSITION RULE.—In the case of an election under section 41(c)(4) of the Internal Revenue Code of 1986 which applies to the taxable year which includes the date of the enactment of this Act, such election shall be treated as revoked with the consent of the Secretary of the Treasury if the taxpayer makes an election under section 41(c)(5) of such Code (as added by subsection (c)) for such year.

(3) EFFECTIVE DATE.—The amendments made by this subsection shall apply to amounts paid or incurred after December 31, 2006.

SEC. 205. WORK OPPORTUNITY TAX CREDIT AND WELFARE-TO-WORK CREDIT.

(a) IN GENERAL.—Sections 51(c)(4)(B) and 51A(f) are each amended by striking ''2005'' and inserting ''2007''.

(b) ELIGIBILITY OF EX-FELONS DETERMINED WITHOUT REGARD TO FAMILY INCOME.—Paragraph (4) of section 51(d) is amended by adding ''and'' at the end of subparagraph (A), by striking '', and'' at the end of subparagraph (B) and inserting a period, and by striking all that follows subparagraph (B).

(c) INCREASE IN MAXIMUM AGE FOR ELIGIBILITY OF FOOD STAMP RECIPIENTS.—Clause (i) of section 51(d)(8)(A) is amended by striking ''25'' and inserting ''40''.

(d) EXTENSION OF PAPERWORK FILING DEADLINE.—Section 51(d)(12)(A)(ii)(II) is amended by striking ''21st day'' and inserting ''28th day''.

(e) CONSOLIDATION OF WORK OPPORTUNITY CREDIT WITH WELFARE-TO-WORK CREDIT.—

(1) IN GENERAL.—Paragraph (1) of section 51(d) is amended by striking ''or'' at the end of subparagraph (G), by striking the period at the end of subparagraph (H) and inserting '', or'', and by adding at the end the following new subparagraph:

''(I) a long-term family assistance recipient.''.

(2) LONG-TERM FAMILY ASSISTANCE RECIPIENT.—Subsection (d) of section 51 is amended by redesignating paragraphs (10) through (12) as paragraphs (11) through (13), respectively, and by inserting after paragraph (9) the following new paragraph:

''(10) LONG-TERM FAMILY ASSISTANCE RECIPIENT.—The term 'long-term family assistance recipient' means any individual who is certified by the designated local agency—

''(A) as being a member of a family receiving assistance under a IV–A program (as defined in paragraph (2)(B)) for at least the 18-month period ending on the hiring date,

''(B)(i) as being a member of a family receiving such assistance for 18 months beginning after August 5, 1997, and

''(ii) as having a hiring date which is not more than 2 years after the end of the earliest such 18-month period, or

''(C)(i) as being a member of a family which ceased to be eligible for such assistance by reason of any limitation imposed by Federal or State law on the maximum period such assistance is payable to a family, and

''(ii) as having a hiring date which is not more than 2 years after the date of such cessation.''.

(3) INCREASED CREDIT FOR EMPLOYMENT OF LONG-TERM FAMILY ASSISTANCE RECIPIENTS.—Section 51 is amended by inserting after subsection (d) the following new subsection:

''(e) CREDIT FOR SECOND-YEAR WAGES FOR EMPLOYMENT OF LONG-TERM FAMILY ASSISTANCE RECIPIENTS.—

''(1) IN GENERAL.—With respect to the employment of a long-term family assistance recipient—

''(A) the amount of the work opportunity credit determined under this section for the taxable year shall include 50 percent of the qualified second-year wages for such year, and

''(B) in lieu of applying subsection (b)(3), the amount of the qualified first-year wages, and the amount of qualified second-year wages, which may be taken into account with respect to such a recipient shall not exceed $10,000 per year.

''(2) QUALIFIED SECOND-YEAR WAGES.—For purposes of this subsection, the term 'qualified second-year wages' means qualified wages—

''(A) which are paid to a long-term family assistance recipient, and

''(B) which are attributable to service rendered during the 1-year period beginning on the day after the last day of the 1-year period with respect to such recipient determined under subsection (b)(2).

''(3) SPECIAL RULES FOR AGRICULTURAL AND RAILWAY LABOR.—If such recipient is an employee to whom subparagraph (A) or (B) of subsection (h)(1) applies, rules similar to the rules of such subparagraphs shall apply except that—

''(A) such subparagraph (A) shall be applied by substituting '$10,000' for '$6,000', and

''(B) such subparagraph (B) shall be applied by substituting '$833.33' for '$500'.''.

(4) REPEAL OF SEPARATE WELFARE-TO-WORK CREDIT.—

(A) IN GENERAL.—Section 51A is hereby repealed.

(B) CLERICAL AMENDMENT.—The table of sections for subpart F of part IV of subchapter A of chapter 1 is amended by striking the item relating to section 51A.

(f) EFFECTIVE DATES.—

(1) IN GENERAL.—Except as provided in paragraph (2), the amendments made by this section shall apply to individuals who begin work for the employer after December 31, 2005.

(2) CONSOLIDATION.—The amendments made by subsections (b), (c), (d), and (e) shall apply to individuals who begin work for the employer after December 31, 2006.

SEC. 206. ELECTION TO INCLUDE COMBAT PAY AS EARNED INCOME FOR PURPOSES OF EARNED INCOME CREDIT.

(a) IN GENERAL.—Section 32(c)(2)(B)(vi)(II) is amended by striking ''2007'' and inserting ''2008''.

(b) EFFECTIVE DATE.—The amendment made by this section shall apply to taxable years beginning after December 31, 2006.

SEC. 207. EXTENSION AND MODIFICATION OF QUALIFIED ZONE ACADEMY BONDS.

(a) IN GENERAL.—Paragraph (1) of section 1397E(e) is amended by striking ''and 2005'' and inserting ''2005, 2006, and 2007''.

(b) SPECIAL RULES RELATING TO EXPENDITURES, ARBITRAGE, AND REPORTING.—

(1) IN GENERAL.—Section 1397E is amended—

(A) in subsection (d)(1), by striking ''and'' at the end of subparagraph (C)(iii), by striking the period at the end of subparagraph (D) and inserting '', and'', and by adding at the end the following new subparagraph:

''(E) the issue meets the requirements of subsections (f), (g), and (h).'', and

(B) by redesignating subsections (f), (g), (h), and (i) as subsection (i), (j), (k), and (l), respectively, and by inserting after subsection (e) the following new subsections:

''(f) SPECIAL RULES RELATING TO EXPENDITURES.—

''(1) IN GENERAL.—An issue shall be treated as meeting the requirements of this subsection if, as of the date of issuance, the issuer reasonably expects—

''(A) at least 95 percent of the proceeds from the sale of the issue are to be spent for 1 or more qualified purposes with respect to qualified zone academies within the 5-year period beginning on the date of issuance of the qualified zone academy bond,

''(B) a binding commitment with a third party to spend at least 10 percent of the proceeds from the sale of the issue will be incurred within the 6-month period beginning on the date of issuance of the qualified zone academy bond, and

''(C) such purposes will be completed with due diligence and the proceeds from the sale of the issue will be spent with due diligence.

''(2) EXTENSION OF PERIOD.—Upon submission of a request prior to the expiration of the period described in paragraph (1)(A), the Secretary may extend such period if the issuer establishes that the failure to satisfy the 5-year requirement is due to reasonable cause and the related purposes will continue to proceed with due diligence.

''(3) FAILURE TO SPEND REQUIRED AMOUNT OF BOND PROCEEDS WITHIN 5 YEARS.—To the extent that less than 95 percent of the proceeds of such issue are expended by the close of the 5-year period beginning on the date of issuance (or if an extension has been obtained under paragraph (2), by the close of the extended period), the issuer shall redeem all of the nonqualified bonds within 90 days after the end of such period. For purposes of this paragraph, the amount of the nonqualified bonds required to be redeemed shall be determined in the same manner as under section 142.

''(g) SPECIAL RULES RELATING TO ARBITRAGE.—An issue shall be treated as meeting the requirements of this subsection if the issuer satisfies the arbitrage requirements of section 148 with respect to proceeds of the issue.

''(h) REPORTING.—Issuers of qualified academy zone bonds shall submit reports similar to the reports required under section 149(e).''.

(2) CONFORMING AMENDMENTS.—Sections 54(l)(3)(B) and 1400N(l)(7)(B)(ii) are each amended by striking ''section 1397E(i)'' and inserting ''section 1397E(l)''.

(c) EFFECTIVE DATES.—

(1) EXTENSION.—The amendment made by subsection (a) shall apply to obligations issued after December 31, 2005.

(2) SPECIAL RULES.—The amendments made by subsection (b) shall apply to obligations issued after the date of the enactment of this Act pursuant to allocations of the national zone academy bond limitation for calendar years after 2005.

SEC. 208. ABOVE-THE-LINE DEDUCTION FOR CERTAIN EXPENSES OF ELEMENTARY AND SECONDARY SCHOOL TEACHERS.

(a) IN GENERAL.—Subparagraph (D) of section 62(a)(2) is amended by striking ''or 2005'' and inserting ''2005, 2006, or 2007''.

(b) EFFECTIVE DATE.—The amendment made by this section shall apply to taxable years beginning after December 31, 2005.

SEC. 209. EXTENSION AND EXPANSION OF EXPENSING OF BROWNFIELDS REMEDIATION COSTS.

(a) EXTENSION.—Subsection (h) of section 198 is amended by striking ''2005'' and inserting ''2007''.

(b) EXPANSION.—Section 198(d)(1) (defining hazardous substance) is amended by striking ''and'' at the end of subparagraph (A), by striking the period at the end of subparagraph (B) and inserting '', and'', and by adding at the end the following new subparagraph:

''(C) any petroleum product (as defined in section 4612(a)(3)).''.

(c) EFFECTIVE DATE.—The amendments made by this section shall apply to expenditures paid or incurred after December 31, 2005.

SEC. 210. TAX INCENTIVES FOR INVESTMENT IN THE DISTRICT OF COLUMBIA.

(a) DESIGNATION OF ZONE.—

(1) IN GENERAL.—Subsection (f) of section 1400 is amended by striking ''2005'' both places it appears and inserting ''2007''.

(2) EFFECTIVE DATE.—The amendments made by this subsection shall apply to periods beginning after December 31, 2005.

(b) TAX-EXEMPT ECONOMIC DEVELOPMENT BONDS.—

(1) IN GENERAL.—Subsection (b) of section 1400A is amended by striking ''2005'' and inserting ''2007''.

(2) EFFECTIVE DATE.—The amendment made by this subsection shall apply to bonds issued after December 31, 2005.

(c) ZERO PERCENT CAPITAL GAINS RATE.—

(1) IN GENERAL.—Subsection (b) of section 1400B is amended by striking ''2006'' each place it appears and inserting ''2008''.

(2) CONFORMING AMENDMENTS.—

(A) Section 1400B(e)(2) is amended—

(i) by striking ''2010'' and inserting ''2012'', and

(ii) by striking ''2010'' in the heading thereof and inserting ''2012''.

(B) Section 1400B(g)(2) is amended by striking ''2010'' and inserting ''2012''.

(C) Section 1400F(d) is amended by striking ''2010'' and inserting ''2012''.

(3) EFFECTIVE DATES.—

(A) EXTENSION.—The amendments made by paragraph (1) shall apply to acquisitions after December 31, 2005.

(B) CONFORMING AMENDMENTS.—The amendments made by paragraph (2) shall take effect on the date of the enactment of this Act.

(d) FIRST-TIME HOMEBUYER CREDIT.—

(1) IN GENERAL.—Subsection (i) of section 1400C is amended by striking ''2006'' and inserting ''2008''.

(2) EFFECTIVE DATE.—The amendment made by this subsection shall apply to property purchased after December 31, 2005.

SEC. 211. INDIAN EMPLOYMENT TAX CREDIT.

(a) IN GENERAL.—Section 45A(f) is amended by striking ''2005'' and inserting ''2007''.

(b) EFFECTIVE DATE.—The amendment made by this section shall apply to taxable years beginning after December 31, 2005.

SEC. 212. ACCELERATED DEPRECIATION FOR BUSINESS PROPERTY ON INDIAN RESERVATIONS.

(a) IN GENERAL.—Section 168(j)(8) is amended by striking ''2005'' and inserting ''2007''.

(b) EFFECTIVE DATE.—The amendment made by this section shall apply to property placed in service after December 31, 2005.

SEC. 213. FIFTEEN-YEAR STRAIGHT-LINE COST RECOVERY FOR QUALIFIED LEASEHOLD IMPROVEMENTS AND QUALIFIED RESTAURANT PROPERTY.

(a) IN GENERAL.—Clauses (iv) and (v) of section 168(e)(3)(E) are each amended by striking ''2006'' and inserting ''2008''.

(b) TREATMENT OF RESTAURANT PROPERTY TO INCLUDE NEW CONSTRUCTION.—Paragraph (7) of section 168(e) (relating to classification of property) is amended to read as follows:

''(7) QUALIFIED RESTAURANT PROPERTY.—The term 'qualified restaurant property' means any section 1250 property which is a building or an improvement to a building if more than 50 percent of the building's square footage is devoted to preparation of, and seating for on-premises consumption of, prepared meals.''.

(c) EFFECTIVE DATES.—

(1) SUBSECTION (a).—The amendments made by subsection (a) shall apply to property placed in service after December 31, 2005.

(2) SUBSECTION (b).—The amendment made by subsection (b) shall apply to property placed in service after the date of the enactment of this Act.

SEC. 214. COVER OVER OF TAX ON DISTILLED SPIRITS.

(a) IN GENERAL.—Section 7652(f)(1) is amended by striking ''2006'' and inserting ''2008''.

(b) EFFECTIVE DATE.—The amendment made by subsection (a) shall apply to articles brought into the United States after December 31, 2005.

SEC. 215. PARITY IN APPLICATION OF CERTAIN LIMITS TO MENTAL HEALTH BENEFITS.

(a) AMENDMENT TO THE INTERNAL REVENUE CODE OF 1986.—Section 9812(f)(3) is amended by striking ''2006'' and inserting ''2007''.

(b) AMENDMENT TO THE EMPLOYEE RETIREMENT INCOME SECURITY ACT OF 1974.—Section 712(f) of the Employee Retirement Income Security Act of 1974 (29 U.S.C. 1185a(f)) is amended by striking ''2006'' and inserting ''2007''.

(c) AMENDMENT TO THE PUBLIC HEALTH SERVICE ACT.—Section 2705(f) of the Public Health Service Act (42 U.S.C. 300gg–5(f)) is amended by striking ''2006''and inserting ''2007''.

SEC. 216. CORPORATE DONATIONS OF SCIENTIFIC PROPERTY USED FOR RESEARCH AND OF COMPUTER TECHNOLOGY AND EQUIPMENT.

(a) EXTENSION OF COMPUTER TECHNOLOGY AND EQUIPMENT DONATION.—

(1) IN GENERAL.—Section 170(e)(6)(G) is amended by striking ''2005'' and inserting ''2007''.

(2) EFFECTIVE DATE.—The amendment made by paragraph (1) shall apply to contributions made in taxable years beginning after December 31, 2005.

(b) EXPANSION OF CHARITABLE CONTRIBUTION ALLOWED FOR SCIENTIFIC PROPERTY USED FOR RESEARCH AND FOR COMPUTER TECHNOLOGY AND EQUIPMENT USED FOR EDUCATIONAL PURPOSES.—

(1) SCIENTIFIC PROPERTY USED FOR RESEARCH.—

(A) IN GENERAL.—Clause (ii) of section 170(e)(4)(B) (defining qualified research contributions) is amended by inserting ''or assembled'' after ''constructed''.

(B) CONFORMING AMENDMENT.—Clause (iii) of section 170(e)(4)(B) is amended by inserting ''or assembly'' after ''construction''.

(2) COMPUTER TECHNOLOGY AND EQUIPMENT FOR EDUCATIONAL PURPOSES.—

(A) IN GENERAL.—Clause (ii) of section 170(e)(6)(B) is amended by inserting ''or assembled'' after ''constructed'' and ''or assembling'' after ''construction''.

(B) CONFORMING AMENDMENT.—Subparagraph (D) of section 170(e)(6) is amended by inserting ''or assembled'' after ''constructed'' and ''or assembly'' after ''construction''.

(3) EFFECTIVE DATE.—The amendments made by this subsection shall apply to taxable years beginning after December 31, 2005.

SEC. 217. AVAILABILITY OF MEDICAL SAVINGS ACCOUNTS.

(a) IN GENERAL.—Paragraphs (2) and (3)(B) of section 220(i) are each amended by striking ''2005'' each place it appears in the text and headings and inserting ''2007''.

(b) CONFORMING AMENDMENTS.—

(1) Paragraph (2) of section 220(j) is amended—

(A) in the text by striking ''or 2004'' each place it appears and inserting ''2004, 2005, or 2006'', and

(B) in the heading by striking ''OR 2004'' and inserting ''2004, 2005, OR 2006'' .

(2) Subparagraph (A) of section 220(j)(4) is amended by striking ''and 2004'' and inserting ''2004, 2005, and 2006''.

(c) TIME FOR FILING REPORTS, ETC.—

(1) The report required by section 220(j)(4) of the Internal Revenue Code of 1986 to be made on August 1, 2005, shall be treated as timely if made before the close of the 90-day period beginning on the date of the enactment of this Act.

(2) The determination and publication required by section 220(j)(5) of such Code with respect to calendar year 2005 shall be treated as timely if made before the close of the 120-day period beginning on the date of the enactment of this Act. If the determination under the preceding sentence is that 2005 is a cut-off year under section 220(i) of such Code, the cut-off date under such section 220(i) shall be the last day of such 120-day period.

SEC. 218. TAXABLE INCOME LIMIT ON PERCENTAGE DEPLETION FOR OIL AND NATURAL GAS PRODUCED FROM MARGINAL PROPERTIES.

(a) IN GENERAL.—Section 613A(c)(6)(H) is amended by striking ''2006'' and inserting ''2008''.

(b) EFFECTIVE DATE.—The amendment made by subsection (a) shall apply to taxable years beginning after December 31, 2005.

SEC. 219. AMERICAN SAMOA ECONOMIC DEVELOPMENT CREDIT.

(a) IN GENERAL.—For purposes of section 30A of the Internal Revenue Code of 1986, a domestic corporation shall be treated as a qualified domestic corporation to which such section applies if such corporation—

(1) is an existing credit claimant with respect to American Samoa, and

(2) elected the application of section 936 of the Internal Revenue Code of 1986 for its last taxable year beginning before January 1, 2006.

(b) SPECIAL RULES FOR APPLICATION OF SECTION.—The following rules shall apply in applying section 30A of the Internal Revenue Code of 1986 for purposes of this section:

(1) AMOUNT OF CREDIT.—Notwithstanding section 30A(a)(1) of such Code, the amount of the credit determined under section 30A(a)(1) of such Code for any taxable year shall be the amount determined under section 30A(d) of such Code, except that section 30A(d) shall be applied without regard to paragraph (3) thereof.

(2) SEPARATE APPLICATION.—In applying section 30A(a)(3) of such Code in the case of a corporation treated as a qualified domestic corporation by reason of this section, section 30A of such Code (and so much of section 936

of such Code as relates to such section 30A) shall be applied separately with respect to American Samoa.

(3) FOREIGN TAX CREDIT ALLOWED.—Notwithstanding section 30A(e) of such Code, the provisions of section 936(c) of such Code shall not apply with respect to the credit allowed by reason of this section.

(c) DEFINITIONS.—For purposes of this section, any term which is used in this section which is also used in section 30A or 936 of such Code shall have the same meaning given such term by such section 30A or 936.

(d) APPLICATION OF SECTION.—Notwithstanding section 30A(h) or section 936(j) of such Code, this section (and so much of section 30A and section 936 of such Code as relates to this section) shall apply to the first two taxable years of a corporation to which subsection (a) applies which begin after December 31, 2005, and before January 1, 2008.

SEC. 220. RESTRUCTURING OF NEW YORK LIBERTY ZONE TAX CREDITS.

(a) IN GENERAL.—Part I of subchapter Y of chapter 1 is amended by redesignating section 1400L as 1400K and by adding at the end the following new section:

"SEC. 1400L. NEW YORK LIBERTY ZONE TAX CREDITS.

''(a) IN GENERAL.—In the case of a New York Liberty Zone governmental unit, there shall be allowed as a credit against any taxes imposed for any payroll period by section 3402 for which such governmental unit is liable under section 3403 an amount equal to so much of the portion of the qualifying project expenditure amount allocated under subsection (b)(3) to such governmental unit for the calendar year as is allocated by such governmental unit to such period under subsection (b)(4).

''(b) QUALIFYING PROJECT EXPENDITURE AMOUNT.—For purposes of this section—

''(1) IN GENERAL.—The term 'qualifying project expenditure amount' means, with respect to any calendar year, the sum of—

''(A) the total expenditures paid or incurred during such calendar year by all New York Liberty Zone governmental units and the Port Authority of New York and New Jersey for any portion of qualifying projects located wholly within the City of New York, New York, and

''(B) any such expenditures—

''(i) paid or incurred in any preceding calendar year which begins after the date of enactment of this section, and

''(ii) not previously allocated under paragraph (3).

''(2) QUALIFYING PROJECT.—The term 'qualifying project' means any transportation infrastructure project, including highways, mass transit systems, railroads, airports, ports, and waterways, in or connecting with the New York Liberty Zone (as defined in section 1400K(h)), which is designated as a qualifying project under this section jointly by the Governor of the State of New York and the Mayor of the City of New York, New York.

''(3) GENERAL ALLOCATION.—

''(A) IN GENERAL.—The Governor of the State of New York and the Mayor of the City of New York, New York, shall jointly allocate to each New York Liberty Zone governmental unit the portion of the qualifying project expenditure amount which may be taken into account by such governmental unit under subsection (a) for any calendar year in the credit period.

''(B) AGGREGATE LIMIT.—The aggregate amount which may be allocated under subparagraph (A) for all calendar years in the credit period shall not exceed $1,750,000,000.

''(C) ANNUAL LIMIT.—

''(i) IN GENERAL.—The aggregate amount which may be allocated under subparagraph (A) for any calendar year in the credit period shall not exceed the sum of—

''(I) the applicable limit, plus

''(II) the aggregate amount authorized to be allocated under this paragraph for all preceding calendar years in the credit period which was not so allocated.

''(ii) APPLICABLE LIMIT.—For purposes of clause (i), the applicable limit for any calendar year is—

''(I) in the case of calendar years 2007 through 2016, $100,000,000,

''(II) in the case of calendar year 2017 or 2018, $200,000,000,

''(III) in the case of calendar year 2019, $150,000,000,

''(IV) in the case of calendar year 2020 or 2021, $100,000,000, and

''(V) in the case of any calendar year after 2021, zero.

''(D) UNALLOCATED AMOUNTS AT END OF CREDIT PERIOD.—If, as of the close of the credit period, the amount under subparagraph (B) exceeds the aggregate amount allocated under subparagraph (A) for all calendar years in the credit period, the Governor of the State of New York and the Mayor of the City of New York, New York, may jointly allocate to New York Liberty Zone governmental units for any calendar year in the 5-year period following the credit period an amount equal to—

''(i) the lesser of—

''(I) such excess, or

''(II) the qualifying project expenditure amount for such calendar year, reduced by

''(ii) the aggregate amount allocated under this subparagraph for all preceding calendar years.

''(4) ALLOCATION TO PAYROLL PERIODS.—Each New York Liberty Zone governmental unit which has been allocated a portion of the qualifying project expenditure amount under paragraph (3) for a calendar year may allocate such portion to payroll periods beginning in such calendar year as such governmental unit determines appropriate.

''(c) CARRYOVER OF UNUSED ALLOCATIONS.—

''(1) IN GENERAL.—Except as provided in paragraph (2), if the amount allocated under subsection (b)(3) to a New York Liberty Zone governmental unit for any calendar year exceeds the aggregate taxes imposed by section 3402 for which such governmental unit is liable under section 3403 for periods beginning in such year, such excess shall be carried to the succeeding calendar year and added to the allocation of such governmental unit for such succeeding calendar year. No amount may be carried under the preceding sentence to a calendar year after 2026.

''(2) REALLOCATION.—If a New York Liberty Zone governmental unit does not use an amount allocated to it under subsection (b)(3) within the time prescribed by the Governor of the State of New York and the Mayor of the City of New York, New York, then such amount shall after such time be treated for purposes of subsection (b)(3) in the same manner as if it had never been allocated.

''(d) DEFINITIONS AND SPECIAL RULES.—For purposes of this section—

''(1) CREDIT PERIOD.—The term 'credit period' means the 15-year period beginning on January 1, 2007.

''(2) NEW YORK LIBERTY ZONE GOVERNMENTAL UNIT.—The term 'New York Liberty Zone governmental unit' means—

''(A) the State of New York,

''(B) the City of New York, New York, and

''(C) any agency or instrumentality of such State or City.

''(3) TREATMENT OF FUNDS.—Any expenditure for a qualifying project taken into account for purposes of the credit under this section shall be considered State and local funds for the purpose of any Federal program.

''(4) TREATMENT OF CREDIT AMOUNTS FOR PURPOSES OF WITHHOLDING TAXES.—For purposes of this title, a New York Liberty Zone governmental unit shall be treated as having paid to the Secretary, on the day on which wages are paid to employees, an amount equal to the amount of the credit allowed to such entity under subsection (a) with respect to such wages, but only if such governmental unit deducts and withholds wages for such payroll period under section 3401 (relating to wage withholding).

''(e) REPORTING.—The Governor of the State of New York and the Mayor of the City of New York, New York, shall jointly submit to the Secretary an annual report—

''(1) which certifies—

''(A) the qualifying project expenditure amount for the calendar year, and

''(B) the amount allocated to each New York Liberty Zone governmental unit under subsection (b)(3) for the calendar year, and

''(2) includes such other information as the Secretary may require to carry out this section.

''(f) GUIDANCE.—The Secretary may prescribe such guidance as may be necessary or appropriate to ensure compliance with the purposes of this section.

''(g) TERMINATION.—No credit shall be allowed under subsection (a) for any calender year after 2026.''.

(b) TERMINATION OF CERTAIN NEW YORK LIBERTY ZONE BENEFITS.—

(1) SPECIAL ALLOWANCE AND EXPENSING.—Section 1400K(b)(2)(A)(v), as redesignated by subsection (a), is amended by striking ''the termination date'' and inserting ''the date of the enactment of the Fair Minimum Wage and Extension of Tax Relief Act or the termination date if pursuant to a binding contract in effect on such enactment date''.

(2) LEASEHOLD.—Section 1400K(c)(2)(B), as so redesignated, is amended by striking ''before January 1, 2007'' and inserting ''on or before the date of the enactment of the Fair Minimum Wage and Extension of Tax Relief Act or before January 1, 2007, if pursuant to a binding contract in effect on such enactment date''.

(c) CONFORMING AMENDMENTS.—

(1) Section 38(c)(3)(B) is amended by striking ''section 1400L(a)'' and inserting ''section 1400K(a)''.

(2) Section 168(k)(2)(D)(ii) is amended by striking ''section 1400L(c)(2)'' and inserting ''1400K(c)(2)''.

(3) The table of sections for part I of subchapter Y of chapter 1 is amended by striking ''1400L'' and inserting ''1400K''.

(d) EFFECTIVE DATE.—

(1) IN GENERAL.—Except as provided in paragraph (2), the amendments made by this section shall apply to periods beginning after December 31, 2006.

(2) SUBSECTION (b).—The amendments made by subsection (b) shall take effect as if included in section 301 of the Job Creation and Worker Assistance Act of 2002.

SEC. 221. EXTENSION OF BONUS DEPRECIATION FOR CERTAIN QUALIFIED GULF OPPORTUNITY ZONE PROPERTY.

(a) IN GENERAL.—Subsection (d) of section 1400N is amended by adding at the end the following new paragraph:

''(6) EXTENSION FOR CERTAIN PROPERTY.—

''(A) IN GENERAL.—In the case of any specified Gulf Opportunity Zone extension property, paragraph (2)(A) shall be applied without regard to clause (v) thereof.

''(B) SPECIFIED GULF OPPORTUNITY ZONE EXTENSION PROPERTY.—For purposes of this paragraph, the term 'specified Gulf Opportunity Zone extension property' means property—

''(i) substantially all of the use of which is in one or more specified portions of the GO Zone, and

''(ii) which is—

''(I) nonresidential real property or residential rental property which is placed in service by the taxpayer on or before December 31, 2009, or

''(II) in the case of a taxpayer who places a building described in subclause (I) in service on or before December 31, 2009, property described in section 168(k)(2)(A)(i) if substantially all of the use of such property is in such building and such property is placed in service by the taxpayer not later than 90 days after such building is placed in service.

''(C) SPECIFIED PORTIONS OF THE GO ZONE.—For purposes of this paragraph, the term 'specified portions of the GO Zone' means those portions of the GO Zone which are in any county or parish which is identified by the Secretary as being a county or parish in which hurricanes occurring during 2005 damaged (in the aggregate) more than 40 percent of the housing units in such county or parish which were occupied (determined according to the 2000 Census).''.

(b) EXTENSION NOT APPLICABLE TO INCREASED SECTION 179 EXPENSING.—Paragraph (2) of section 1400N(e) is amended by inserting ''without regard to subsection (d)(6)'' after ''subsection (d)(2)''.

(c) EFFECTIVE DATE.—The amendments made by this section shall take effect as if included in section 101 of the Gulf Opportunity Zone Act of 2005.

SEC. 222. AUTHORITY FOR UNDERCOVER OPERATIONS.

Paragraph (6) of section 7608(c) (relating to application of section) is amended by striking ''2007'' both places it appears and inserting ''2008''.

SEC. 223. DISCLOSURES OF CERTAIN TAX RETURN INFORMATION.

(a) DISCLOSURES TO FACILITATE COMBINED EMPLOYMENT TAX REPORTING.—

(1) IN GENERAL.—Subparagraph (B) of section 6103(d)(5) (relating to termination) is amended by striking ''2006'' and inserting ''2007''.

(2) EFFECTIVE DATE.—The amendment made by paragraph (1) shall apply to disclosures after December 31, 2006.

(b) DISCLOSURES RELATING TO TERRORIST ACTIVITIES.—

(1) IN GENERAL.—Clause (iv) of section 6103(i)(3)(C) and subparagraph (E) of section 6103(i)(7) are each amended by striking ''2006'' and inserting ''2007''.

(2) EFFECTIVE DATE.—The amendments made by paragraph (1) shall apply to disclosures after December 31, 2006.

(c) DISCLOSURES RELATING TO STUDENT LOANS.—

(1) IN GENERAL.—Subparagraph (D) of section 6103(l)(13) (relating to termination) is amended by striking ''2006'' and inserting ''2007''.

(2) EFFECTIVE DATE.—The amendment made by paragraph (1) shall apply to requests made after December 31, 2006.

Subtitle B—Other Provisions

SEC. 231. DEDUCTION ALLOWABLE WITH RESPECT TO INCOME ATTRIBUTABLE TO DOMESTIC PRODUCTION ACTIVITIES IN PUERTO RICO.

(a) IN GENERAL.—Subsection (d) of section 199 (relating to definitions and special rules) is amended by redesignating paragraph (8) as paragraph (9) and by inserting after paragraph (7) the following new paragraph:

''(8) TREATMENT OF ACTIVITIES IN PUERTO RICO.—

''(A) IN GENERAL.—In the case of any taxpayer with gross receipts for any taxable year from sources within the Commonwealth of Puerto Rico, if all of such receipts are taxable under section 1 or 11 for such taxable year, then for purposes of determining the domestic production gross receipts of such taxpayer for such taxable year under subsection (c)(4), the term 'United States' shall include the Commonwealth of Puerto Rico.

''(B) SPECIAL RULE FOR APPLYING WAGE LIMITATION.—In the case of any taxpayer described in subparagraph (A), for purposes of applying the limitation under subsection (b) for any taxable year, the determination of W–2 wages of such taxpayer shall be made without regard to any exclusion under section 3401(a)(8) for remuneration paid for services performed in Puerto Rico.

''(C) TERMINATION.—This paragraph shall apply only with respect to the first 2 taxable years of the taxpayer beginning after December 31, 2005, and before January 1, 2008.''.

(b) EFFECTIVE DATE.—The amendments made by subsection (a) shall apply to taxable years beginning after December 31, 2005.

SEC. 232. CREDIT FOR PRIOR YEAR MINIMUM TAX LIABILITY MADE REFUNDABLE AFTER PERIOD OF YEARS.

(a) IN GENERAL.—Section 53 (relating to credit for prior year minimum tax liability) is amended by adding at the end the following new subsection:

''(e) SPECIAL RULE FOR INDIVIDUALS WITH LONG-TERM UNUSED CREDITS.—

''(1) IN GENERAL.—If an individual has a long-term unused minimum tax credit for any taxable year beginning before January 1, 2013, the amount determined under subsection (c) for such taxable year shall not be less than the AMT refundable credit amount for such taxable year.

''(2) AMT REFUNDABLE CREDIT AMOUNT.—For purposes of paragraph (1)—

''(A) IN GENERAL.—The term 'AMT refundable credit amount' means, with respect to any taxable year, the amount equal to the greater of—

''(i) the lesser of—

''(I) $5,000, or

''(II) the amount of long-term unused minimum tax credit for such taxable year, or

''(ii) 20 percent of the amount of such credit.

''(B) PHASEOUT OF AMT REFUNDABLE CREDIT AMOUNT.—

''(i) IN GENERAL.—In the case of an individual whose adjusted gross income for any taxable year exceeds the threshold amount (within the meaning of section 151(d)(3)(C)), the AMT refundable credit amount determined under subparagraph (A) for such taxable year shall be reduced by the applicable percentage (within the meaning of section 151(d)(3)(B)).

''(ii) ADJUSTED GROSS INCOME.—For purposes of clause (i), adjusted gross income shall be determined without regard to sections 911, 931, and 933.

''(3) LONG-TERM UNUSED MINIMUM TAX CREDIT.—

''(A) IN GENERAL.—For purposes of this subsection, the term 'long-term unused minimum tax credit' means, with respect to any taxable year, the portion of the minimum tax credit determined under subsection (b) attributable to the adjusted net minimum tax for taxable years before the 3rd taxable year immediately preceding such taxable year.

''(B) FIRST-IN, FIRST-OUT ORDERING RULE.—For purposes of subparagraph (A), credits shall be treated as allowed under subsection (a) on a first-in, first-out basis.

''(4) CREDIT REFUNDABLE.—For purposes of this title (other than this section), the credit allowed by reason of this subsection shall be treated as if it were allowed under subpart C.''.

(b) CONFORMING AMENDMENTS.—

(1) Section 6211(b)(4)(A) is amended by striking ''and 34'' and inserting ''34, and 53(e)''.

(2) Paragraph (2) of section 1324(b) of title 31, United States Code, is amended by inserting ''or 53(e)'' after ''section 35''.

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

SEC. 233. RETURNS REQUIRED IN CONNECTION WITH CERTAIN OPTIONS.

(a) IN GENERAL.—So much of section 6039(a) as follows paragraph (2) is amended to read as follows:

''shall, for such calendar year, make a return at such time and in such manner, and setting forth such information, as the Secretary may by regulations prescribe.''.

(b) STATEMENTS TO PERSONS WITH RESPECT TO WHOM INFORMATION IS FURNISHED.—Section 6039 is amended by redesignating subsections (b) and (c) as subsection (c) and (d), respectively, and by inserting after subsection (a) the following new subsection:

''(b) STATEMENTS TO BE FURNISHED TO PERSONS WITH RESPECT TO WHOM INFORMATION IS REPORTED.—Every corporation making a return under subsection (a) shall furnish to each person whose name is set forth in such return a written statement setting forth such information as the Secretary may by regulations prescribe. The written statement required under the preceding sentence shall be furnished to such person on or before January 31 of the year following the calendar year for which the return under subsection (a) was made.''.

(c) CONFORMING AMENDMENTS.—

(1) Section 6724(d)(1)(B) is amended by striking ''or'' at the end of clause (xvii), by striking ''and'' at the end of clause (xviii) and inserting ''or'', and by adding at the end the following new clause:

''(xix) section 6039(a) (relating to returns required with respect to certain options), and''.

(2) Section 6724(d)(2)(B) is amended by striking ''section 6039(a)'' and inserting ''section 6039(b)''.

(3) The heading of section 6039 and the item relating to such section in the table of sections of subpart A of part III of subchapter A of chapter 61 of such Code are each amended by striking ''Information'' and inserting ''Returns''.

(4) The heading of subsection (a) of section 6039 is amended by striking ''FURNISHING OF INFORMATION'' and inserting ''REQUIREMENT OF REPORTING''.

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

SEC. 234. PARTIAL EXPENSING FOR ADVANCED MINE SAFETY EQUIPMENT.

(a) IN GENERAL.—Part VI of subchapter B of chapter 1 is amended by inserting after section 179D the following new section:

''SEC. 179E. ELECTION TO EXPENSE ADVANCED MINE SAFETY EQUIPMENT.

''(a) TREATMENT AS EXPENSES.—A taxpayer may elect to treat 50 percent of the cost of any qualified advanced mine safety equipment property as an expense which is not chargeable to capital account. Any cost so treated shall be allowed as a deduction for the taxable year in which the qualified advanced mine safety equipment property is placed in service.

''(b) ELECTION.—

''(1) IN GENERAL.—An election under this section for any taxable year shall be made on the taxpayer's return of the tax imposed by this chapter for the taxable year. Such election shall specify the advanced mine safety equipment property to which the election applies and shall be made in such manner as the Secretary may by regulations prescribe.

''(2) ELECTION IRREVOCABLE.—Any election made under this section may not be revoked except with the consent of the Secretary.

''(c) QUALIFIED ADVANCED MINE SAFETY EQUIPMENT PROPERTY.—For purposes of this section, the term 'qualified advanced mine safety equipment property' means any advanced mine safety equipment property for use in any underground mine located in the United States—

''(1) the original use of which commences with the taxpayer, and

''(2) which is placed in service by the taxpayer after the date of the enactment of this section.

''(d) ADVANCED MINE SAFETY EQUIPMENT PROPERTY.—For purposes of this section, the term 'advanced mine safety equipment property' means any of the following:

''(1) Emergency communication technology or device which is used to allow a miner to maintain constant communication with an individual who is not in the mine.

''(2) Electronic identification and location device which allows an individual who is not in the mine to track at all times the movements and location of miners working in or at the mine.

''(3) Emergency oxygen-generating, self-rescue device which provides oxygen for at least 90 minutes.

''(4) Pre-positioned supplies of oxygen which (in combination with self-rescue devices) can be used to provide each miner on a shift, in the event of an accident or other event which traps the miner in the mine or otherwise necessitates the use of such a self-rescue device, the ability to survive for at least 48 hours.

''(5) Comprehensive atmospheric monitoring system which monitors the levels of carbon monoxide, methane, and oxygen that are present in all areas of the mine and which can detect smoke in the case of a fire in a mine.

''(e) COORDINATION WITH SECTION 179.—No expenditures shall be taken into account under subsection (a) with respect to the portion of the cost of any property specified in an election under section 179.

''(f) REPORTING.—No deduction shall be allowed under subsection (a) to any taxpayer for any taxable year unless such taxpayer files with the Secretary a report containing such information with respect to the operation of the mines of the taxpayer as the Secretary shall require.

''(g) TERMINATION.—This section shall not apply to property placed in service after December 31, 2008.''.

(b) CONFORMING AMENDMENTS.—

(1) Section 263(a)(1) is amended by striking ''or'' at the end of subparagraph (J), by striking the period at the end of subparagraph (K) and inserting '', or'', and by inserting after subparagraph (K) the following new subparagraph:

''(L) expenditures for which a deduction is allowed under section 179E.''.

(2) Section 312(k)(3)(B) is amended by striking ''or 179D'' each place it appears in the heading and text thereof and inserting ''179D, or 179E''.

(3) Paragraphs (2)(C) and (3)(C) of section 1245(a) are each amended by inserting ''179E,'' after ''179D,''.

(4) The table of sections for part VI of subchapter B of chapter 1 is amended by inserting after the item relating to section 179D the following new item:

''Sec. 179E. Election to expense advanced mine safety equipment.''.

(c) EFFECTIVE DATE.—The amendments made by this section shall apply to costs paid or incurred after the date of the enactment of this Act.

SEC. 235. MINE RESCUE TEAM TRAINING TAX CREDIT.

(a) IN GENERAL.—Subpart D of part IV of subchapter A of chapter 1 (relating to business related credits) is amended by adding at the end the following new section:

''SEC. 45N. MINE RESCUE TEAM TRAINING CREDIT.

''(a) AMOUNT OF CREDIT.—For purposes of section 38, the mine rescue team training credit determined under this section with respect to each qualified mine rescue team employee of an eligible employer for any taxable year is an amount equal to the lesser of—

''(1) 20 percent of the amount paid or incurred by the taxpayer during the taxable year with respect to the training program costs of such qualified mine rescue team employee (including wages of such employee while attending such program), or

''(2) $10,000.

''(b) QUALIFIED MINE RESCUE TEAM EMPLOYEE.—For purposes of this section, the term 'qualified mine rescue team employee' means with respect to any taxable year any full-time employee of the taxpayer who is—

''(1) a miner eligible for more than 6 months of such taxable year to serve as a mine rescue team member as a result of completing, at a minimum, an initial 20-hour course of instruction as prescribed by the Mine Safety and Health Administration's Office of Educational Policy and Development, or

''(2) a miner eligible for more than 6 months of such taxable year to serve as a mine rescue team member by virtue of receiving at least 40 hours of refresher training in such instruction.

''(c) ELIGIBLE EMPLOYER.—For purposes of this section, the term 'eligible employer' means any taxpayer which employs individuals as miners in underground mines in the United States.

''(d) WAGES.—For purposes of this section, the term 'wages' has the meaning given to such term by subsection (b) of section 3306 (determined without regard to any dollar limitation contained in such section).

''(e) TERMINATION.—This section shall not apply to taxable years beginning after December 31, 2008.''.

(b) CREDIT MADE PART OF GENERAL BUSINESS CREDIT.—Section 38(b) is amended by striking ''and'' at the end of paragraph (29), by striking the period at the end of paragraph (30) and inserting '', plus'', and by adding at the end the following new paragraph:

''(31) the mine rescue team training credit determined under section 45N(a).''.

(c) NO DOUBLE BENEFIT.—Section 280C is amended by adding at the end the following new subsection:

''(e) MINE RESCUE TEAM TRAINING CREDIT.—No deduction shall be allowed for that portion of the expenses otherwise allowable as a deduction for the taxable year which is equal to the amount of the credit determined for the taxable year under section 45N(a).''.

(d) CLERICAL AMENDMENT.—The table of sections for subpart D of part IV of subchapter A of chapter 1 is amended by adding at the end the following new item:

''Sec. 45N. Mine rescue team training credit.''.

(e) EFFECTIVE DATE.—The amendments made by this section shall apply to taxable years beginning after December 31, 2005.

SEC. 236. WHISTLEBLOWER REFORMS.

(a) AWARDS TO WHISTLEBLOWERS.—

(1) IN GENERAL.—Section 7623 (relating to expenses of detection of underpayments and fraud, etc.) is amended—

(A) by striking ''The Secretary'' and inserting ''(a) IN GENERAL.—The Secretary'',

(B) by striking ''and'' at the end of paragraph (1) and inserting ''or'',

(C) by striking ''(other than interest)'', and

(D) by adding at the end the following new subsection:

''(b) AWARDS TO WHISTLEBLOWERS.—

''(1) IN GENERAL.—If the Secretary proceeds with any administrative or judicial action described in subsection (a) based on information brought to the Secretary's attention by an individual, such individual shall, subject to paragraph (2), receive as an award at least 15 percent but not more than 30 percent of the collected proceeds (including penalties, interest, additions to tax, and additional amounts) resulting from the action (including any related actions) or from any settlement in response to such action. The determination of the amount of such award by the Whistleblower Office shall depend upon the extent to which the individual substantially contributed to such action.

''(2) AWARD IN CASE OF LESS SUBSTANTIAL CONTRIBUTION.—

''(A) IN GENERAL.—In the event the action described in paragraph (1) is one which the Whistleblower Office determines to be based principally on disclosures of specific allegations (other than information provided by the individual described in paragraph (1)) resulting from a judicial or administrative hearing, from a governmental report, hearing, audit, or investigation, or from the news media, the Whistleblower Office may award such sums as it considers appropriate, but in no case more than 10 percent of the collected proceeds (including penalties, interest, additions to tax, and additional amounts) resulting from the action (including any related actions) or from any settlement in response to such action, taking into account the significance of the individual's information and the role of such individual and any legal representative of such individual in contributing to such action.

''(B) NONAPPLICATION OF PARAGRAPH WHERE INDIVIDUAL IS ORIGINAL SOURCE OF INFORMATION.—Subparagraph (A) shall not apply if the information resulting in the initiation of the action described in paragraph (1) was originally provided by the individual described in paragraph (1).

''(3) REDUCTION IN OR DENIAL OF AWARD.—If the Whistleblower Office determines that the claim for an award under paragraph (1) or (2) is brought by an individual who planned and initiated the actions that led to the underpayment of tax or actions described in subsection (a)(2), then the Whistleblower Office may appropriately reduce such award. If such individual is convicted of criminal conduct arising from the role described in the preceding sentence, the Whistleblower Office shall deny any award.

''(4) APPEAL OF AWARD DETERMINATION.—Any determination regarding an award under paragraph (1), (2), or (3) may, within 30 days of such determination, be appealed to the Tax Court (and the Tax Court shall have jurisdiction with respect to such matter).

''(5) APPLICATION OF THIS SUBSECTION.—This subsection shall apply with respect to any action—

''(A) against any taxpayer, but in the case of any individual, only if such individual's gross income exceeds $200,000 for any taxable year subject to such action, and

''(B) if the tax, penalties, interest, additions to tax, and additional amounts in dispute exceed $2,000,000.

''(6) ADDITIONAL RULES.—

''(A) NO CONTRACT NECESSARY.—No contract with the Internal Revenue Service is necessary for any individual to receive an award under this subsection.

''(B) REPRESENTATION.—Any individual described in paragraph (1) or (2) may be represented by counsel.

''(C) SUBMISSION OF INFORMATION.—No award may be made under this subsection

based on information submitted to the Secretary unless such information is submitted under penalty of perjury.''.

(2) ASSIGNMENT TO SPECIAL TRIAL JUDGES.—

(A) IN GENERAL.—Section 7443A(b) (relating to proceedings which may be assigned to special trial judges) is amended by striking ''and'' at the end of paragraph (4), by redesignating paragraph (5) as paragraph (6), and by inserting after paragraph (4) the following new paragraph:

''(5) any proceeding under section 7623(b)(4), and''.

(B) CONFORMING AMENDMENT.—Section 7443A(c) is amended by striking ''or (4)'' and inserting ''(4), or (5)''.

(3) DEDUCTION ALLOWED WHETHER OR NOT TAXPAYER ITEMIZES.—Subsection (a) of section 62 (relating to general rule defining adjusted gross income) is amended by inserting after paragraph (20) the following new paragraph:

''(21) ATTORNEYS FEES RELATING TO AWARDS TO WHISTLEBLOWERS.—Any deduction allowable under this chapter for attorney fees and court costs paid by, or on behalf of, the taxpayer in connection with any award under section 7623(b) (relating to awards to whistleblowers). The preceding sentence shall not apply to any deduction in excess of the amount includible in the taxpayer's gross income for the taxable year on account of such award.''.

(b) WHISTLEBLOWER OFFICE.—

(1) IN GENERAL.—Not later than the date which is 12 months after the date of the enactment of this Act, the Secretary of the Treasury shall issue guidance for the operation of a whistleblower program to be administered in the Internal Revenue Service by an office to be known as the ''Whistleblower Office'' which—

(A) shall at all times operate at the direction of the Commissioner of Internal Revenue and coordinate and consult with other divisions in the Internal Revenue Service as directed by the Commissioner of Internal Revenue,

(B) shall analyze information received from any individual described in section 7623(b) of the Internal Revenue Code of 1986 and either investigate the matter itself or assign it to the appropriate Internal Revenue Service office, and

(C) in its sole discretion, may ask for additional assistance from such individual or any legal representative of such individual.

(2) REQUEST FOR ASSISTANCE.—The guidance issued under paragraph (1) shall specify that any assistance requested under paragraph (1)(C) shall be under the direction and control of the Whistleblower Office or the office assigned to investigate the matter under paragraph (1)(A). No individual or legal representative whose assistance is so requested may by reason of such request represent himself or herself as an employee of the Federal Government.

(c) REPORT BY SECRETARY.—The Secretary of the Treasury shall each year conduct a study and report to Congress on the use of section 7623 of the Internal Revenue Code of 1986, including—

(1) an analysis of the use of such section during the preceding year and the results of such use, and

(2) any legislative or administrative recommendations regarding the provisions of such section and its application.

(d) EFFECTIVE DATE.—The amendments made by subsection (a) shall apply to information provided on or after the date of the enactment of this Act.

SEC. 237. FRIVOLOUS TAX SUBMISSIONS.

(a) CIVIL PENALTIES.—Section 6702 is amended to read as follows:

''SEC. 6702. FRIVOLOUS TAX SUBMISSIONS.

''(a) CIVIL PENALTY FOR FRIVOLOUS TAX RETURNS.—A person shall pay a penalty of $5,000 if—

''(1) such person files what purports to be a return of a tax imposed by this title but which—

''(A) does not contain information on which the substantial correctness of the self-assessment may be judged, or

''(B) contains information that on its face indicates that the self-assessment is substantially incorrect, and

''(2) the conduct referred to in paragraph (1)—

''(A) is based on a position which the Secretary has identified as frivolous under subsection (c), or

''(B) reflects a desire to delay or impede the administration of Federal tax laws.

''(b) CIVIL PENALTY FOR SPECIFIED FRIVOLOUS SUBMISSIONS.—

''(1) IMPOSITION OF PENALTY.—Except as provided in paragraph (3), any person who submits a specified frivolous submission shall pay a penalty of $5,000.

''(2) SPECIFIED FRIVOLOUS SUBMISSION.—For purposes of this section—

''(A) SPECIFIED FRIVOLOUS SUBMISSION.—The term 'specified frivolous submission' means a specified submission if any portion of such submission—

''(i) is based on a position which the Secretary has identified as frivolous under subsection (c), or

''(ii) reflects a desire to delay or impede the administration of Federal tax laws.

''(B) SPECIFIED SUBMISSION.—The term 'specified submission' means—

''(i) a request for a hearing under—

''(I) section 6320 (relating to notice and opportunity for hearing upon filing of notice of lien), or

''(II) section 6330 (relating to notice and opportunity for hearing before levy), and

''(ii) an application under—

''(I) section 6159 (relating to agreements for payment of tax liability in installments),

''(II) section 7122 (relating to compromises), or

''(III) section 7811 (relating to taxpayer assistance orders).

''(3) OPPORTUNITY TO WITHDRAW SUBMISSION.—If the Secretary provides a person with notice that a submission is a specified frivolous submission and such person withdraws such submission within 30 days after such notice, the penalty imposed under paragraph (1) shall not apply with respect to such submission.

''(c) LISTING OF FRIVOLOUS POSITIONS.—The Secretary shall prescribe (and periodically revise) a list of positions which the Secretary has identified as being frivolous for purposes of this subsection. The Secretary shall not include in such list any position that the Secretary determines meets the requirement of section 6662(d)(2)(B)(ii)(II).

''(d) REDUCTION OF PENALTY.—The Secretary may reduce the amount of any penalty imposed under this section if the Secretary determines that such reduction would promote compliance with and administration of the Federal tax laws.

''(e) PENALTIES IN ADDITION TO OTHER PENALTIES.—The penalties imposed by this section shall be in addition to any other penalty provided by law.''.

(b) TREATMENT OF FRIVOLOUS REQUESTS FOR HEARINGS BEFORE LEVY.—

(1) FRIVOLOUS REQUESTS DISREGARDED.—Section 6330 (relating to notice and opportunity for hearing before levy) is amended by adding at the end the following new subsection:

''(g) FRIVOLOUS REQUESTS FOR HEARING, ETC.—Notwithstanding any other provision of this section, if the Secretary determines that any portion of a request for a hearing under this section or section 6320 meets the requirement of clause (i) or (ii) of section 6702(b)(2)(A), then the Secretary may treat such portion as if it were never submitted and such portion shall not be subject to any further administrative or judicial review.''.

(2) PRECLUSION FROM RAISING FRIVOLOUS ISSUES AT HEARING.—Section 6330(c)(4) is amended—

(A) by striking ''(A)'' and inserting ''(A)(i)'';

(B) by striking ''(B)'' and inserting ''(ii)'';

(C) by striking the period at the end of the first sentence and inserting ''; or''; and

(D) by inserting after subparagraph (A)(ii) (as so redesignated) the following:

''(B) the issue meets the requirement of clause (i) or (ii) of section 6702(b)(2)(A).''.

(3) STATEMENT OF GROUNDS.—Section 6330(b)(1) is amended by striking ''under subsection (a)(3)(B)'' and inserting ''in writing under subsection (a)(3)(B) and states the grounds for the requested hearing''.

(c) TREATMENT OF FRIVOLOUS REQUESTS FOR HEARINGS UPON FILING OF NOTICE OF LIEN.—Section 6320 is amended—

(1) in subsection (b)(1), by striking ''under subsection (a)(3)(B)'' and inserting ''in writing under subsection (a)(3)(B) and states the grounds for the requested hearing'', and

(2) in subsection (c), by striking ''and (e)'' and inserting ''(e), and (g)''.

(d) TREATMENT OF FRIVOLOUS APPLICATIONS FOR OFFERS-IN-COMPROMISE AND INSTALLMENT AGREEMENTS.—Section 7122 is amended by adding at the end the following new subsection:

''(f) FRIVOLOUS SUBMISSIONS, ETC.—Notwithstanding any other provision of this section, if the Secretary determines that any portion of an application for an offer-in-compromise or installment agreement submitted under this section or section 6159 meets the requirement of clause (i) or (ii) of section 6702(b)(2)(A), then the Secretary may treat such portion as if it were never submitted and such portion shall not be subject to any further administrative or judicial review.''.

(e) CLERICAL AMENDMENT.—The table of sections for part I of subchapter B of chapter 68 is amended by striking the item relating to section 6702 and inserting the following new item:

''Sec. 6702. Frivolous tax submissions.''.

(f) EFFECTIVE DATE.—The amendments made by this section shall apply to submissions made and issues raised after the date on which the Secretary first prescribes a list under section 6702(c) of the Internal Revenue Code of 1986, as amended by subsection (a).

SEC. 238. ADDITION OF MENINGOCOCCAL AND HUMAN PAPILLOMAVIRUS VACCINES TO LIST OF TAXABLE VACCINES.

(a) MENINGOCOCCAL VACCINE.—Section 4132(a)(1) (defining taxable vaccine) is amended by adding at the end the following new subparagraph:

''(O) Any meningococcal vaccine.''.

(b) HUMAN PAPILLOMAVIRUS VACCINE.—Section 4132(a)(1), as amended by subsection (a), is amended by adding at the end the following new subparagraph:

''(P) Any vaccine against the human papillomavirus.''.

(c) EFFECTIVE DATE.—

(1) SALES, ETC.—The amendments made by this section shall apply to sales and uses on or after the first day of the first month which begins more than 4 weeks after the date of the enactment of this Act.

(2) DELIVERIES.—For purposes of paragraph (1) and section 4131 of the Internal Revenue Code of 1986, in the case of sales on or before the effective date described in such paragraph for which delivery is made after such date, the delivery date shall be considered the sale date.

SEC. 239. CLARIFICATION OF TAXATION OF CERTAIN SETTLEMENT FUNDS MADE PERMANENT.

(a) IN GENERAL.—Subsection (g) of section 468B, as amended by section 201 of the Tax Increase Prevention and Reconciliation Act of 2005, is amended by striking paragraph (3).

(b) EFFECTIVE DATE.—The amendment made by this section shall take effect as if included in section 201 of the Tax Increase Prevention and Reconciliation Act of 2005.

SEC. 240. MODIFICATION OF ACTIVE BUSINESS DEFINITION UNDER SECTION 355 MADE PERMANENT.

(a) IN GENERAL.—Subparagraphs (A) and (D) of section 355(b)(3), as amended by section 202 of the Tax Increase Prevention and Reconciliation Act of 2005, are each amended by striking ''and on or before December 31, 2010''.

(b) EFFECTIVE DATE.—The amendments made by this section shall take effect as if included in section 202 of the Tax Increase Prevention and Reconciliation Act of 2005.

SEC. 241. REVISION OF STATE VETERANS LIMIT MADE PERMANENT.

(a) IN GENERAL.—Subparagraph (B) of section 143(l)(3), as amended by section 203 of the Tax Increase Prevention and Reconciliation Act of 2005, is amended by striking clause (iv).

(b) EFFECTIVE DATE.—The amendment made by this section shall take effect as if included in section 203 of the Tax Increase Prevention and Reconciliation Act of 2005.

SEC. 242. CAPITAL GAINS TREATMENT FOR CERTAIN SELF-CREATED MUSICAL WORKS MADE PERMANENT.

(a) IN GENERAL.—Paragraph (3) of section 1221(b), as amended by section 204 of the Tax Increase Prevention and Reconciliation Act of 2005, is amended by striking ''before January 1, 2011,''.

(b) EFFECTIVE DATE.—The amendment made by this section shall take effect as if included in section 204 of the Tax Increase Prevention and Reconciliation Act of 2005.

SEC. 243. REDUCTION IN MINIMUM VESSEL TONNAGE WHICH QUALIFIES FOR TONNAGE TAX MADE PERMANENT.

(a) IN GENERAL.—Paragraph (4) of section 1355(a), as amended by section 205 of the Tax Increase Prevention and Reconciliation Act of 2005, is amended by striking ''10,000 (6,000, in the case of taxable years beginning after December 31, 2005, and ending before January 1, 2011)'' and inserting ''6,000''.

(b) EFFECTIVE DATE.—The amendment made by this section shall take effect as if included in section 205 of the Tax Increase Prevention and Reconciliation Act of 2005.

SEC. 244. MODIFICATION OF SPECIAL ARBITRAGE RULE FOR CERTAIN FUNDS MADE PERMANENT.

(a) IN GENERAL.—Section 206 of the Tax Increase Prevention and Reconciliation Act of 2005 is amended by striking ''and before August 31, 2009''.

(b) EFFECTIVE DATE.—The amendment made by this section shall take effect as if included in section 206 of the Tax Increase Prevention and Reconciliation Act of 2005.

SEC. 245. GREAT LAKES DOMESTIC SHIPPING TO NOT DISQUALIFY VESSEL FROM TONNAGE TAX.

(a) IN GENERAL.—Section 1355 (relating to definitions and special rules) is amended by redesignating subsection (g) as subsection (h) and by inserting after subsection (f) the following new subsection:

''(g) GREAT LAKES DOMESTIC SHIPPING TO NOT DISQUALIFY VESSEL.—

''(1) IN GENERAL.—If the electing corporation elects (at such time and in such manner as the Secretary may require) to apply this subsection for any taxable year to any qualifying vessel which is used in qualified zone domestic trade during the taxable year—

''(A) solely for purposes of subsection (a)(4), such use shall be treated as use in United States foreign trade (and not as use in United States domestic trade), and

''(B) subsection (f) shall not apply with respect to such vessel for such taxable year.

''(2) EFFECT OF TEMPORARILY OPERATING VESSEL IN UNITED STATES DOMESTIC TRADE.—In the case of a qualifying vessel to which this subsection applies—

''(A) IN GENERAL.—An electing corporation shall be treated as using such vessel in qualified zone domestic trade during any period of temporary use in the United States domestic trade (other than qualified zone domestic trade) if the electing corporation gives timely notice to the Secretary stating—

''(i) that it temporarily operates or has operated in the United States domestic trade (other than qualified zone domestic trade) a qualifying vessel which had been used in the United States foreign trade or qualified zone domestic trade, and

''(ii) its intention to resume operation of the vessel in the United States foreign trade or qualified zone domestic trade.

''(B) NOTICE.—Notice shall be deemed timely if given not later than the due date (including extensions) for the corporation's tax return for the taxable year in which the temporary cessation begins.

''(C) PERIOD DISREGARD IN EFFECT.—The period of temporary use under subparagraph (A) continues until the earlier of the date of which—

''(i) the electing corporation abandons its intention to resume operations of the vessel in the United States foreign trade or qualified zone domestic trade, or

''(ii) the electing corporation resumes operation of the vessel in the United States foreign trade or qualified zone domestic trade.

''(D) NO DISREGARD IF DOMESTIC TRADE USE EXCEEDS 30 DAYS.—Subparagraph (A) shall not apply to any qualifying vessel which is operated in the United States domestic trade (other than qualified zone domestic trade) for more than 30 days during the taxable year.

''(3) ALLOCATION OF INCOME AND DEDUCTIONS TO QUALIFYING SHIPPING ACTIVITIES.—In the case of a qualifying vessel to which this subsection applies, the Secretary shall prescribe rules for the proper allocation of income, expenses, losses, and deductions between the qualified shipping activities and the other activities of such vessel.

''(4) QUALIFIED ZONE DOMESTIC TRADE.—For purposes of this subsection—

''(A) IN GENERAL.—The term 'qualified zone domestic trade' means the transportation of goods or passengers between places in the qualified zone if such transportation is in the United States domestic trade.

''(B) QUALIFIED ZONE.—The term 'qualified zone' means the Great Lakes Waterway and the St. Lawrence Seaway.''.

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

SEC. 246. USE OF QUALIFIED MORTGAGE BONDS TO FINANCE RESIDENCES FOR VETERANS WITHOUT REGARD TO FIRST-TIME HOMEBUYER REQUIREMENT.

(a) IN GENERAL.—Section 143(d)(2) (relating to exceptions to 3-year requirement) is amended by striking ''and'' at the end of subparagraph (B), by adding ''and'' at the end of subparagraph (C), and by inserting after subparagraph (C) the following new subparagraph:

''(D) in the case of bonds issued after the date of the enactment of this subparagraph and before January 1, 2008, financing of any residence for a veteran (as defined in section 101 of title 38, United States Code), if such veteran has not previously qualified for and received such financing by reason of this subparagraph,''.

(b) EFFECTIVE DATE.—The amendments made by this section shall apply to bonds issued after the date of the enactment of this Act.

SEC. 247. EXCLUSION OF GAIN FROM SALE OF A PRINCIPAL RESIDENCE BY CERTAIN EMPLOYEES OF THE INTELLIGENCE COMMUNITY.

(a) IN GENERAL.—Subparagraph (A) of section 121(d)(9) (relating to exclusion of gain from sale of principal residence) is amended by striking ''duty'' and all that follows and inserting ''duty—

''(i) as a member of the uniformed services,

''(ii) as a member of the Foreign Service of the United States, or

''(iii) as an employee of the intelligence community.''.

(b) EMPLOYEE OF INTELLIGENCE COMMUNITY DEFINED.—Subparagraph (C) of section 121(d)(9) is amended by redesignating clause (iv) as clause (v) and by inserting after clause (iii) the following new clause:

''(iv) EMPLOYEE OF INTELLIGENCE COMMUNITY.—The term 'employee of the intelligence community' means an employee (as defined by section 2105 of title 5, United States Code) of—

''(I) the Office of the Director of National Intelligence,

''(II) the Central Intelligence Agency,

''(III) the National Security Agency,

''(IV) the Defense Intelligence Agency,

''(V) the National Geospatial-Intelligence Agency,

''(VI) the National Reconnaissance Office,

''(VII) any other office within the Department of Defense for the collection of specialized national intelligence through reconnaissance programs,

''(VIII) any of the intelligence elements of the Army, the Navy, the Air Force, the Marine Corps, the Federal Bureau of Investigation, the Department of Treasury, the Department of Energy, and the Coast Guard,

''(IX) the Bureau of Intelligence and Research of the Department of State, or

''(X) any of the elements of the Department of Homeland Security concerned with the analyses of foreign intelligence information.''.

(c) SPECIAL RULE.—Subparagraph (C) of section 121(d)(9), as amended by subsection (b), is amended by adding at the end the following new clause:

''(vi) SPECIAL RULE RELATING TO INTELLIGENCE COMMUNITY.—An employee of the intelligence community shall not be treated as serving on qualified extended duty unless such duty is at a duty station located outside the United States.''.

(d) CONFORMING AMENDMENT.—The heading for section 121(d)(9) is amended to read as follows: ''UNIFORMED SERVICES, FOREIGN SERVICE, AND INTELLIGENCE COMMUNITY''.

(e) EFFECTIVE DATE.—The amendments made by this section shall apply to sales or exchanges after the date of the enactment of this Act and before January 1, 2011.

SEC. 248. TREATMENT OF COKE AND COKE GAS.

(a) NONAPPLICATION OF PHASEOUT.—Section 45K(g)(2) is amended by adding at the end the following new subparagraph:

''(D) NONAPPLICATION OF PHASEOUT.—Subsection (b)(1) shall not apply.''.

(b) CLARIFICATION OF QUALIFYING FACILITY.—Section 45K(g)(1) is amended by inserting ''(other than from petroleum based products)'' after ''coke or coke gas''.

(c) EFFECTIVE DATE.—The amendments made by this section shall take effect as if included in section 1321 of the Energy Policy Act of 2005.

SEC. 249. SALE OF PROPERTY BY JUDICIAL OFFICERS.

(a) IN GENERAL.—Section 1043(b) (relating to the sale of property to comply with conflict-of-interest requirements) is amended—

(1) in paragraph (1)—

(A) in subparagraph (A), by inserting '', or a judicial officer,'' after ''an officer or employee of the executive branch''; and

(B) in subparagraph (B), by inserting ''judicial canon,'' after ''any statute, regulation, rule,'';

(2) in paragraph (2)—

(A) in subparagraph (A), by inserting ''judicial canon,'' after ''any Federal conflict of interest statute, regulation, rule,''; and

(B) in subparagraph (B), by inserting after ''the Director of the Office of Government Ethics,'' the following: ''in the case of executive branch officers or employees, or by the Judicial Conference of the United States (or its designee), in the case of judicial officers,''; and

(3) in paragraph (5)(B), by inserting ''judicial canon,'' after ''any statute, regulation, rule,''.

(b) JUDICIAL OFFICER DEFINED.—Section 1043(b) is amended by adding at the end the following new paragraph:

''(6) JUDICIAL OFFICER.—The term 'judicial officer' means the Chief Justice of the United States, the Associate Justices of the Supreme Court, and the judges of the United States courts of appeals, United States district courts, including the district courts in Guam, the Northern Mariana Islands, and the Virgin Islands, Court of Appeals for the Federal Circuit, Court of International Trade, Tax Court, Court of Federal Claims, Court of Appeals for Veterans Claims, United States Court of Appeals for the Armed Forces, and any court created by Act of Congress, the judges of which are entitled to hold office during good behavior.''.

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

SEC. 250. PREMIUMS FOR MORTGAGE INSURANCE.

(a) IN GENERAL.—Section 163(h)(3) (relating to qualified residence interest) is amended by adding at the end the following new subparagraph:

''(E) MORTGAGE INSURANCE PREMIUMS TREATED AS INTEREST.—

''(i) IN GENERAL.—Premiums paid or accrued for qualified mortgage insurance by a taxpayer during the taxable year in connection with acquisition indebtedness with respect to a qualified residence of the taxpayer shall be treated for purposes of this section as interest which is qualified residence interest.

''(ii) PHASEOUT.—The amount otherwise treated as interest under clause (i) shall be reduced (but not below zero) by 10 percent of such amount for each $1,000 ($500 in the case of a married individual filing a separate return) (or fraction thereof) that the taxpayer's adjusted gross income for the taxable year exceeds $100,000 ($50,000 in the case of a married individual filing a separate return).

''(iii) LIMITATION.—Clause (i) shall not apply with respect to any mortgage insurance contracts issued before January 1, 2007.

''(iv) TERMINATION.—Clause (i) shall not apply to amounts—

''(I) paid or accrued after December 31, 2007, or

''(II) properly allocable to any period after such date.''.

(b) DEFINITION AND SPECIAL RULES.—Section 163(h)(4) (relating to other definitions and special rules) is amended by adding at the end the following new subparagraphs:

''(E) QUALIFIED MORTGAGE INSURANCE.—The term 'qualified mortgage insurance' means—

''(i) mortgage insurance provided by the Veterans Administration, the Federal Housing Administration, or the Rural Housing Administration, and

''(ii) private mortgage insurance (as defined by section 2 of the Homeowners Protection Act of 1998 (12 U.S.C. 4901), as in effect on the date of the enactment of this subparagraph).

''(F) SPECIAL RULES FOR PREPAID QUALIFIED MORTGAGE INSURANCE.—Any amount paid by the taxpayer for qualified mortgage insurance that is properly allocable to any mortgage the payment of which extends to periods that are after the close of the taxable year in which such amount is paid shall be chargeable to capital account and shall be treated as paid in such periods to which so allocated. No deduction shall be allowed for the unamortized balance of such account if such mortgage is satisfied before the end of its term. The preceding sentences shall not apply to amounts paid for qualified mortgage insurance provided by the Veterans Administration or the Rural Housing Administration.''.

(c) INFORMATION RETURNS RELATING TO MORTGAGE INSURANCE.—Section 6050H (relating to returns relating to mortgage interest received in trade or business from individuals) is amended by adding at the end the following new subsection:

''(h) RETURNS RELATING TO MORTGAGE INSURANCE PREMIUMS.—

''(1) IN GENERAL.—The Secretary may prescribe, by regulations, that any person who, in the course of a trade or business, receives from any individual premiums for mortgage insurance aggregating $600 or more for any calendar year, shall make a return with respect to each such individual. Such return shall be in such form, shall be made at such time, and shall contain such information as the Secretary may prescribe.

''(2) STATEMENT TO BE FURNISHED TO INDIVIDUALS WITH RESPECT TO WHOM INFORMATION IS REQUIRED.—Every person required to make a return under paragraph (1) shall furnish to each individual with respect to whom a return is made a written statement showing such information as the Secretary may prescribe. Such written statement shall be furnished on or before January 31 of the year following the calendar year for which the return under paragraph (1) was required to be made.

''(3) SPECIAL RULES.—For purposes of this subsection—

''(A) rules similar to the rules of subsection (c) shall apply, and

''(B) the term 'mortgage insurance' means—

''(i) mortgage insurance provided by the Veterans Administration, the Federal Housing Administration, or the Rural Housing Administration, and

''(ii) private mortgage insurance (as defined by section 2 of the Homeowners Protection Act of 1998 (12 U.S.C. 4901), as in effect on the date of the enactment of this subsection).''.

(d) EFFECTIVE DATE.—The amendments made by this section shall apply to amounts paid or accrued after December 31, 2006.

SEC. 251. MODIFICATION OF REFUNDS FOR KEROSENE USED IN AVIATION.

(a) IN GENERAL.—Paragraph (4) of section 6427(l) (relating to nontaxable uses of diesel fuel and kerosene) is amended to read as follows:

''(4) REFUNDS FOR KEROSENE USED IN AVIATION.—

''(A) KEROSENE USED IN COMMERCIAL AVIATION.—In the case of kerosene used in commercial aviation (as defined in section 4083(b)) (other than supplies for vessels or aircraft within the meaning of section 4221(d)(3)), paragraph (1) shall not apply to so much of the tax imposed by section 4041 or 4081, as the case may be, as is attributable to—

''(i) the Leaking Underground Storage Tank Trust Fund financing rate imposed by such section, and

''(ii) so much of the rate of tax specified in section 4041(c) or 4081(a)(2)(A)(iii), as the case may be, as does not exceed 4.3 cents per gallon.

''(B) KEROSENE USED IN NONCOMMERCIAL AVIATION.—In the case of kerosene used in aviation that is not commercial aviation (as so defined) (other than any use which is exempt from the tax imposed by section 4041(c) other than by reason of a prior imposition of tax), paragraph (1) shall not apply to—

''(i) any tax imposed by section 4041(c), and

''(ii) so much of the tax imposed by section 4081 as is attributable to—

''(I) the Leaking Underground Storage Tank Trust Fund financing rate imposed by such section, and

''(II) so much of the rate of tax specified in section 4081(a)(2)(A)(iii) as does not exceed the rate specified in section 4081(a)(2)(C)(ii).

''(C) PAYMENTS TO ULTIMATE, REGISTERED VENDOR.—

''(i) IN GENERAL.—With respect to any kerosene used in aviation (other than kerosene described in clause (ii) or kerosene to which paragraph (5) applies), if the ultimate purchaser of such kerosene waives (at such time and in such form and manner as the Secretary shall prescribe) the right to payment under paragraph (1) and assigns such right to the ultimate vendor, then the Secretary shall pay the amount which would be paid under paragraph (1) to such ultimate vendor, but only if such ultimate vendor—

''(I) is registered under section 4101, and

''(II) meets the requirements of subparagraph (A), (B), or (D) of section 6416(a)(1).

''(ii) PAYMENTS FOR KEROSENE USED IN NONCOMMERCIAL AVIATION.—The amount which would be paid under paragraph (1) with respect to any kerosene to which subparagraph (B) applies shall be paid only to the ultimate vendor of such kerosene. A payment shall be made to such vendor if such vendor—

''(I) is registered under section 4101, and

''(II) meets the requirements of subparagraph (A), (B), or (D) of section 6416(a)(1).''.

(b) CONFORMING AMENDMENTS.—

(1) Section 6427(l) is amended by striking paragraph (5) and by redesignating paragraph (6) as paragraph (5).

(2) Section 4082(d)(2)(B) is amended by striking ''section 6427(l)(6)(B)'' and inserting ''section 6427(l)(5)(B)''.

(3) Section 6427(i)(4)(A) is amended—

(A) by striking ''paragraph (4)(B), (5), or (6)'' each place it appears and inserting ''paragraph (4)(C) or (5)'', and

(B) by striking ''(l)(5), and (l)(6)'' and inserting ''(l)(4)(C)(ii), and (l)(5)''.

(4) Section 6427(l)(1) is amended by striking ''paragraph (4)(B)'' and inserting ''paragraph (4)(C)(i)''.

(5) Section 9502(d) is amended—

(A) in paragraph (2), by striking ''and (l)(5)'', and

(B) in paragraph (3), by striking ''or (5)''.

(6) Section 9503(c)(7) is amended—

(A) by amending subparagraphs (A) and (B) to read as follows:

''(A) 4.3 cents per gallon of kerosene subject to section 6427(l)(4)(A) with respect to which a payment has been made by the Secretary under section 6427(l), and

''(B) 21.8 cents per gallon of kerosene subject to section 6427(l)(4)(B) with respect to which a payment has been made by the Secretary under section 6427(l).'', and

(B) in the matter following subparagraph (B), by striking ''or (5)''.

(c) EFFECTIVE DATE.—

(1) IN GENERAL.—The amendments made by this section shall apply to kerosene sold after September 30, 2005.

(2) SPECIAL RULE FOR PENDING CLAIMS.—In the case of kerosene sold for use in aviation (other than kerosene to which section 6427(l)(4)(C)(ii) of the Internal Revenue Code of 1986 (as added by subsection (a)) applies or kerosene to which section 6427(l)(5) of such Code (as redesignated by subsection (b)) applies) after September 30, 2005, and before the date of the enactment of this Act, the ultimate purchaser shall be treated as having waived the right to payment under section 6427(l)(1) of such Code and as having assigned such right to the ultimate vendor if such ultimate vendor has met the requirements of subparagraph (A), (B), or (D) of section 6416(a)(1) of such Code.

(d) SPECIAL RULE FOR KEROSENE USED IN AVIATION ON A FARM FOR FARMING PURPOSES.—

(1) REFUNDS FOR PURCHASES AFTER DECEMBER 31, 2004, AND BEFORE OCTOBER 1, 2005.—The Secretary of the Treasury shall pay to the ultimate purchaser of any kerosene which is used in aviation on a farm for farming purposes and which was purchased after December 31, 2004, and before October 1, 2005, an amount equal to the aggregate amount of tax imposed on such fuel under section 4041 or 4081 of the Internal Revenue Code of 1986, as the case may be, reduced by any payment to the ultimate vendor under section 6427(l)(5)(C) of such Code (as in effect on the day before the date of the enactment of the Safe, Accountable, Flexible, Efficient Transportation Equity Act: a Legacy for Users).

(2) USE ON A FARM FOR FARMING PURPOSES.—For purposes of paragraph (1), kerosene shall be treated as used on a farm for farming purposes if such kerosene is used for farming purposes (within the meaning of section 6420(c)(3) of the Internal Revenue Code of 1986) in carrying on a trade or business on a farm situated in the United States. For purposes of the preceding sentence, rules similar to the rules of section 6420(c)(4) of such Code shall apply.

(3) TIME FOR FILING CLAIMS.—No claim shall be allowed under paragraph (1) unless the ultimate purchaser files such claim before the date that is 3 months after the date of the enactment of this Act.

(4) NO DOUBLE BENEFIT.—No amount shall be paid under paragraph (1) or section 6427(l) of the Internal Revenue Code of 1986 with respect to any kerosene described in paragraph (1) to the extent that such amount is in excess of the tax imposed on such kerosene under section 4041 or 4081 of such Code, as the case may be.

(5) APPLICABLE LAWS.—For purposes of this subsection, rules similar to the rules of section 6427(j) of the Internal Revenue Code of 1986 shall apply.

SEC. 252. DEDUCTION FOR QUALIFIED TIMBER GAIN.

(a) IN GENERAL.—Part I of subchapter P of chapter 1 is amended by adding at the end the following new section:

"SEC. 1203. DEDUCTION FOR QUALIFIED TIMBER GAIN.

''(a) IN GENERAL.—In the case of a taxpayer which elects the application of this section for a taxable year, there shall be allowed a deduction against gross income equal to 60 percent of the lesser of—

''(1) the taxpayer's qualified timber gain for such year, or

''(2) the taxpayer's net capital gain for such year.

''(b) QUALIFIED TIMBER GAIN.—For purposes of this section, the term 'qualified timber gain' means, with respect to any taxpayer for any taxable year, the excess (if any) of—

''(1) the sum of the taxpayer's gains described in subsections (a) and (b) of section 631 for such year, over

''(2) the sum of the taxpayer's losses described in such subsections for such year.

''(c) SPECIAL RULES FOR PASS-THRU ENTITIES.—In the case of any qualified timber gain of a pass-thru entity (as defined in section 1(h)(10))—

''(1) the election under this section shall be made separately by each taxpayer subject to tax on such gain, and

''(2) the Secretary may prescribe such regulations as are appropriate to apply this section to such gain.

''(d) TERMINATION.—No disposition of timber after December 31, 2007, shall be taken into account under subsection (b).''.

(b) COORDINATION WITH MAXIMUM CAPITAL GAINS RATES.—

(1) TAXPAYERS OTHER THAN CORPORATIONS.—Paragraph (2) of section 1(h) is amended to read as follows:

''(2) REDUCTION OF NET CAPITAL GAIN.—For purposes of this subsection, the net capital gain for any taxable year shall be reduced (but not below zero) by the sum of—

''(A) the amount which the taxpayer takes into account as investment income under section 163(d)(4)(B)(iii), and

''(B) in the case of a taxable year with respect to which an election is in effect under section 1203, the lesser of—

''(i) the amount described in paragraph (1) of section 1203(a), or

''(ii) the amount described in paragraph (2) of such section.''.

(2) CORPORATIONS.—Section 1201 is amended by redesignating subsection (b) as subsection (c) and inserting after subsection (a) the following new subsection:

''(b) QUALIFIED TIMBER GAIN NOT TAKEN INTO ACCOUNT.—For purposes of this section, in the case of a corporation with respect to which an election is in effect under section 1203, the net capital gain for any taxable year shall be reduced (but not below zero) by the corporation's qualified timber gain (as defined in section 1203(b)).''.

(c) DEDUCTION ALLOWED WHETHER OR NOT INDIVIDUAL ITEMIZES OTHER DEDUCTIONS.—Subsection (a) of section 62, as amended by this Act, is amended by inserting before the last sentence the following new paragraph:

''(22) QUALIFIED TIMBER GAINS.—The deduction allowed by section 1203.''.

(d) DEDUCTION ALLOWED IN COMPUTING ADJUSTED CURRENT EARNINGS.—Subparagraph (C) of section 56(g)(4) is amended by adding at the end the following new clause:

''(vii) DEDUCTION FOR QUALIFIED TIMBER GAIN.—Clause (i) shall not apply to any deduction allowed under section 1203.''.

(e) DEDUCTION ALLOWED IN COMPUTING TAXABLE INCOME OF ELECTING SMALL BUSINESS TRUSTS.—Subparagraph (C) of section 641(c)(2) is amended by inserting after clause (iii) the following new clause:

''(iv) The deduction allowed under section 1203.''.

(f) CONFORMING AMENDMENTS.—

(1) Subparagraph (B) of section 172(d)(2) is amended to read as follows:

''(B) the exclusion under section 1202 and the deduction under section 1203 shall not be allowed.''.

(2) Paragraph (4) of section 642(c) is amended by striking the first sentence and inserting the following: ''To the extent that the amount otherwise allowable as a deduction under this subsection consists of gain described in section 1202(a) or qualified timber gain (as defined in section 1203(b)), proper adjustment shall be made for any exclusion allowable to the estate or trust under section 1202 and for any deduction allowable to the estate or trust under section 1203.''.

(3) Paragraph (3) of section 643(a) is amended by striking the last sentence and inserting the following: ''The exclusion under section 1202 and the deduction under section 1203 shall not be taken into account.''.

(4) Subparagraph (C) of section 643(a)(6) is amended to read as follows:

''(C) Paragraph (3) shall not apply to a foreign trust. In the case of such a trust—

''(i) there shall be included gains from the sale or exchange of capital assets, reduced by losses from such sales or exchanges to the extent such losses do not exceed gains from such sales or exchanges, and

''(ii) the deduction under section 1203 shall not be taken into account.''.

(5) Paragraph (4) of section 691(c) is amended by inserting ''1203,'' after ''1202,''.

(6) Paragraph (2) of section 871(a) is amended by striking ''section 1202'' and inserting ''sections 1202 and 1203''.

(7) The table of sections for part I of subchapter P of chapter 1 is amended by adding at the end the following new item:

''Sec. 1203. Deduction for qualified timber gain.''.

(g) EFFECTIVE DATE.—

(1) IN GENERAL.—The amendments made by this section shall apply to taxable years ending after the date of the enactment of this Act.

(2) TAXABLE YEARS WHICH INCLUDE DATE OF ENACTMENT.—In the case of any taxable year which includes the date of the enactment of this Act, for purposes of the Internal Revenue Code of 1986, the taxpayer's qualified timber gain shall not exceed the excess that would be described in section 1203(b) of such Code, as added by this section, if only dispositions of timber after such date were taken into account.

SEC. 253. CREDIT TO HOLDERS OF RURAL RENAISSANCE BONDS.

(a) IN GENERAL.—Subpart H of part IV of subchapter A of chapter 1 (relating to credits against tax) is amended by adding at the end the following new section:

"SEC. 54A. CREDIT TO HOLDERS OF RURAL RENAISSANCE BONDS.

''(a) ALLOWANCE OF CREDIT.—In the case of a taxpayer who holds a rural renaissance bond on a credit allowance date of such bond, which occurs during the taxable year, there shall be allowed as a credit against the tax imposed by this chapter for such taxable year an amount equal to the sum of the credits determined under subsection (b) with respect to credit allowance dates during such year on which the taxpayer holds such bond.

''(b) AMOUNT OF CREDIT.—

''(1) IN GENERAL.—The amount of the credit determined under this subsection with respect to any credit allowance date for a rural renaissance bond is 25 percent of the annual credit determined with respect to such bond.

''(2) ANNUAL CREDIT.—The annual credit determined with respect to any rural renaissance bond is the product of—

''(A) the credit rate determined by the Secretary under paragraph (3) for the day on which such bond was sold, multiplied by

''(B) the outstanding face amount of the bond.

''(3) DETERMINATION.—For purposes of paragraph (2), with respect to any rural renaissance bond, the Secretary shall determine daily or caused to be determined daily a credit rate which shall apply to the first day on which there is a binding, written contract for the sale or exchange of the bond. The credit rate for any day is the credit rate which the Secretary or the Secretary's designee estimates will permit the issuance of rural renaissance bonds with a specified maturity or redemption date without discount and without interest cost to the qualified issuer.

''(4) CREDIT ALLOWANCE DATE.—For purposes of this section, the term 'credit allowance date' means—

''(A) March 15,

''(B) June 15,

''(C) September 15, and

''(D) December 15.

Such term also includes the last day on which the bond is outstanding.

''(5) SPECIAL RULE FOR ISSUANCE AND REDEMPTION.—In the case of a bond which is issued during the 3-month period ending on a credit allowance date, the amount of the credit determined under this subsection with respect to such credit allowance date shall be a ratable portion of the credit otherwise determined based on the portion of the 3-month period during which the bond is outstanding. A similar rule shall apply when the bond is redeemed or matures.

''(c) LIMITATION BASED ON AMOUNT OF TAX.—The credit allowed under subsection (a) for any taxable year shall not exceed the excess of—

''(1) the sum of the regular tax liability (as defined in section 26(b)) plus the tax imposed by section 55, over

''(2) the sum of the credits allowable under this part (other than subpart C and this section).

''(d) RURAL RENAISSANCE BOND.—For purposes of this section—

''(1) IN GENERAL.—The term 'rural renaissance bond' means any bond issued as part of an issue if—

''(A) the bond is issued by a qualified issuer,

''(B) 95 percent or more of the proceeds from the sale of such issue are to be used for capital expenditures incurred for 1 or more qualified projects,

''(C) the qualified issuer designates such bond for purposes of this section and the bond is in registered form, and

''(D) the issue meets the requirements of subsections (e) and (h).

''(2) QUALIFIED PROJECT; SPECIAL USE RULES.—

''(A) IN GENERAL.—The term 'qualified project' means 1 or more projects described in subparagraph (B) located in a rural area.

''(B) PROJECTS DESCRIBED.—A project described in this subparagraph is—

''(i) a water or waste treatment project,

''(ii) an affordable housing project,

''(iii) a community facility project, including hospitals, fire and police stations, and nursing and assisted-living facilities,

''(iv) a value-added agriculture or renewable energy facility project for agricultural producers or farmer-owned entities, including any project to promote the production, processing, or retail sale of ethanol (including fuel at least 85 percent of the volume of which consists of ethanol), biodiesel, animal waste, biomass, raw commodities, or wind as a fuel,

''(v) a distance learning or telemedicine project,

''(vi) a rural utility infrastructure project, including any electric or telephone system,

''(vii) a project to expand broadband technology,

''(viii) a rural teleworks project, and

''(ix) any project described in any preceding clause carried out by the Delta Regional Authority.

''(C) SPECIAL RULES.—For purposes of this paragraph—

''(i) any project described in subparagraph (B)(iv) for a farmer-owned entity may be considered a qualified project if such entity is located in a rural area, or in the case of a farmer-owned entity the headquarters of which are located in a nonrural area, if the project is located in a rural area, and

''(ii) any project for a farmer-owned entity which is a facility described in subparagraph (B)(iv) for agricultural producers may be considered a qualified project regardless of whether the facility is located in a rural or nonrural area.

''(3) SPECIAL USE RULES.—

''(A) REFINANCING RULES.—For purposes of paragraph (1)(B), a qualified project may be refinanced with proceeds of a rural renaissance bond only if the indebtedness being refinanced (including any obligation directly or indirectly refinanced by such indebtedness) was originally incurred after the date of the enactment of this section.

''(B) REIMBURSEMENT.—For purposes of paragraph (1)(B), a rural renaissance bond may be issued to reimburse a borrower for amounts paid after the date of the enactment of this section with respect to a qualified project, but only if—

''(i) prior to the payment of the original expenditure, the borrower declared its intent to reimburse such expenditure with the proceeds of a rural renaissance bond,

''(ii) not later than 60 days after payment of the original expenditure, the qualified issuer adopts an official intent to reimburse the original expenditure with such proceeds, and

''(iii) the reimbursement is made not later than 18 months after the date the original expenditure is paid.

''(C) TREATMENT OF CHANGES IN USE.—For purposes of paragraph (1)(B), the proceeds of an issue shall not be treated as used for a qualified project to the extent that a borrower takes any action within its control which causes such proceeds not to be used for a qualified project. The Secretary shall prescribe regulations specifying remedial actions that may be taken (including conditions to taking such remedial actions) to prevent an action described in the preceding sentence from causing a bond to fail to be a rural renaissance bond.

''(e) MATURITY LIMITATIONS.—

''(1) DURATION OF TERM.—A bond shall not be treated as a rural renaissance bond if the maturity of such bond exceeds the maximum term determined by the Secretary under paragraph (2) with respect to such bond.

''(2) MAXIMUM TERM.—During each calendar month, the Secretary shall determine the maximum term permitted under this paragraph for bonds issued during the following calendar month. Such maximum term shall be the term which the Secretary estimates will result in the present value of the obligation to repay the principal on the bond being equal to 50 percent of the face amount of such bond. Such present value shall be determined without regard to the requirements of paragraph (3) and using as a discount rate the average annual interest rate of tax-exempt obligations having a term of 10 years or more which are issued during the month. If the term as so determined is not a multiple of a whole year, such term shall be rounded to the next highest whole year.

''(3) RATABLE PRINCIPAL AMORTIZATION REQUIRED.—A bond shall not be treated as a rural renaissance bond unless it is part of an issue which provides for an equal amount of principal to be paid by the qualified issuer during each calendar year that the issue is outstanding.

''(f) LIMITATION ON AMOUNT OF BONDS DESIGNATED.—

''(1) NATIONAL LIMITATION.—There is a rural renaissance bond limitation of $200,000,000.

''(2) ALLOCATION BY SECRETARY.—The Secretary shall allocate the amount described in paragraph (1) among qualified projects in such manner as the Secretary determines appropriate.

''(g) CREDIT INCLUDED IN GROSS INCOME.—Gross income includes the amount of the credit allowed to the taxpayer under this section (determined without regard to subsection (c)) and the amount so included shall be treated as interest income.

''(h) SPECIAL RULES RELATING TO EXPENDITURES.—

''(1) IN GENERAL.—An issue shall be treated as meeting the requirements of this subsection if, as of the date of issuance, the qualified issuer reasonably expects—

''(A) at least 95 percent of the proceeds from the sale of the issue are to be spent for 1 or more qualified projects within the 5-year period beginning on the date of issuance of the rural renaissance bond,

''(B) a binding commitment with a third party to spend at least 10 percent of the proceeds from the sale of the issue will be incurred within the 6-month period beginning on the date of issuance of the rural renaissance bond or, in the case of a rural renaissance bond, the proceeds of which are to be loaned to 2 or more borrowers, such binding commitment will be incurred within the 6-month period beginning on the date of the loan of such proceeds to a borrower, and

''(C) such projects will be completed with due diligence and the proceeds from the sale of the issue will be spent with due diligence.

''(2) EXTENSION OF PERIOD.—Upon submission of a request prior to the expiration of the period described in paragraph (1)(A), the Secretary may extend such period if the qualified issuer establishes that the failure to satisfy the 5-year requirement is due to reasonable cause and the related projects will continue to proceed with due diligence.

''(3) FAILURE TO SPEND REQUIRED AMOUNT OF BOND PROCEEDS WITHIN 5 YEARS.—To the extent that less than 95 percent of the proceeds of such issue are expended by the close of the 5-year period beginning on the date of issuance (or if an extension has been obtained under paragraph (2), by the close of the extended period), the qualified issuer shall redeem all of the nonqualified bonds within 90 days after the end of such period. For purposes of this paragraph, the amount of the nonqualified bonds required to be redeemed shall be determined in the same manner as under section 142.

''(i) SPECIAL RULES RELATING TO ARBITRAGE.—A bond which is part of an issue shall not be treated as a rural renaissance bond unless, with respect to the issue of which the bond is a part, the qualified issuer satisfies the arbitrage requirements of section 148 with respect to proceeds of the issue.

''(j) QUALIFIED ISSUER.—For purposes of this section—

''(1) IN GENERAL.—The term 'qualified issuer' means any not-for-profit cooperative lender which has as of the date of the enactment of this section received a guarantee under section 306 of the Rural Electrification Act and which meets the requirement of paragraph (2).

''(2) USER FEE REQUIREMENT.—The requirement of this paragraph is met if the issuer of any rural renaissance bond makes grants for qualified projects as defined under subsection (d)(2) on a semi-annual basis every year that such bond is outstanding in an annual amount equal to one-half of the rate on United States Treasury Bills of the same maturity multiplied by the outstanding principal balance of rural renaissance bonds issued by such issuer.

''(k) SPECIAL RULES RELATING TO POOL BONDS.—No portion of a pooled financing bond may be allocable to a loan unless the borrower has entered into a written loan commitment for such portion prior to the issue date of such issue.

''(l) OTHER DEFINITIONS AND SPECIAL RULES.—For purposes of this section—

''(1) BOND.—The term 'bond' includes any obligation.

''(2) POOLED FINANCING BOND.—The term 'pooled financing bond' shall have the meaning given such term by section 149(f)(4)(A).

''(3) RURAL AREA.—The term 'rural area' means any area other than—

''(A) a city or town which has a population of greater than 50,000 inhabitants, or

''(B) the urbanized area contiguous and adjacent to such a city or town.

''(4) PARTNERSHIP; S CORPORATION; AND OTHER PASS-THRU ENTITIES.—

''(A) IN GENERAL.—Under regulations prescribed by the Secretary, in the case of a partnership, trust, S corporation, or other pass-thru entity, rules similar to the rules of section 41(g) shall apply with respect to the credit allowable under subsection (a).

''(B) NO BASIS ADJUSTMENT.—In the case of a bond held by a partnership or an S corporation, rules similar to the rules under section 1397E(l) shall apply.

''(5) BONDS HELD BY REGULATED INVESTMENT COMPANIES.—If any rural renaissance bond is held by a regulated investment company, the credit determined under subsection (a) shall be allowed to shareholders of such company under procedures prescribed by the Secretary.

''(6) REPORTING.—Issuers of rural renaissance bonds shall submit reports similar to the reports required under section 149(e).''.

(b) REPORTING.—Subsection (d) of section 6049 (relating to returns regarding payments of interest) is amended by adding at the end the following new paragraph:

''(9) REPORTING OF CREDIT ON RURAL RENAISSANCE BONDS.—

''(A) IN GENERAL.—For purposes of subsection (a), the term 'interest' includes amounts includible in gross income under section 54A(f) and such amounts shall be treated as paid on the credit allowance date (as defined in section 54A(b)(4)).

''(B) REPORTING TO CORPORATIONS, ETC.—Except as otherwise provided in regulations, in the case of any interest described in subparagraph (A), subsection (b)(4) shall be applied without regard to subparagraphs (A), (H), (I), (J), (K), and (L)(i) of such subsection.

''(C) REGULATORY AUTHORITY.—The Secretary may prescribe such regulations as are necessary or appropriate to carry out the purposes of this paragraph, including regulations which require more frequent or more detailed reporting.''.

(c) CONFORMING AMENDMENTS.—

(1) The table of sections for subpart H of part IV of subchapter A of chapter 1 is amended by adding at the end the following new item:

''Sec. 54A. Credit to holders of rural renaissance bonds.''

(2) Section 54(c)(2) is amended by inserting '', section 54A,'' after ''subpart C''.

(3) Section 1400N(l)(3)(B) is amended by inserting '', section 54A,'' after ''subpart C''.

(d) ISSUANCE OF REGULATIONS.—The Secretary of Treasury shall issue regulations required under section 54A of the Internal Revenue Code of 1986 (as added by this section) not later than 120 days after the date of the enactment of this Act.

(e) EFFECTIVE DATE.—The amendments made by this section shall apply to bonds issued after the date of the enactment of this Act and before January 1, 2010.

SEC. 254. RESTORATION OF DEDUCTION FOR TRAVEL EXPENSES OF SPOUSE, ETC. ACCOMPANYING TAXPAYER ON BUSINESS TRAVEL.

(a) IN GENERAL.—Subsection (m) of section 274 (relating to additional limitations on travel expenses) is amended by adding at the end the following new paragraph:

''(4) TERMINATION.—Paragraph (3) shall not apply to any expense paid or incurred after the date of the enactment of this paragraph and before January 1, 2008.''.

(b) EFFECTIVE DATE.—The amendment made by this section shall apply to amounts paid or incurred after the date of the enactment of this Act.

SEC. 255. TECHNICAL CORRECTIONS.

(a) TECHNICAL CORRECTION RELATING TO LOOK-THROUGH TREATMENT OF PAYMENTS BETWEEN RELATED CONTROLLED FOREIGN CORPORATIONS UNDER THE FOREIGN PERSONAL HOLDING COMPANY RULES.—

(1) IN GENERAL.—

(A) The first sentence of section 954(c)(6)(A), as amended by section 103(b) of the Tax Increase Prevention and Reconciliation Act of 2005, is amended by striking ''which is not subpart F income'' and inserting ''which is neither subpart F income nor income treated as effectively connected with the conduct of a trade or business in the United States''.

(B) Section 954(c)(6)(A), as so amended, is amended 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) EFFECTIVE DATE.—The amendments made by this subsection shall take effect as if included in section 103(b) of the Tax Increase Prevention and Reconciliation Act of 2005.

(b) TECHNICAL CORRECTION REGARDING AUTHORITY TO EXERCISE REASONABLE CAUSE AND GOOD FAITH EXCEPTION.—

(1) IN GENERAL.—Section 903(d)(2)(B)(iii) of the American Jobs Creation Act of 2004, as amended by section 303(a) of the Gulf Opportunity Zone Act of 2005, is amended by inserting ''or the Secretary's delegate'' after ''the Secretary of the Treasury''.

(2) EFFECTIVE DATE.—The amendment made by this subsection shall take effect as if included in the provisions of the American Jobs Creation Act of 2004 to which it relates.

TITLE III—SURFACE MINING CONTROL AND RECLAMATION ACT AMENDMENTS OF 2006

SEC. 301. SHORT TITLE.

This title may be cited as the ''Surface Mining Control and Reclamation Act Amendments of 2006''.

Subtitle A—MINING CONTROL AND RECLAMATION

SEC. 311. ABANDONED MINE RECLAMATION FUND AND PURPOSES.

(a) IN GENERAL.—Section 401 of the Surface Mining Control and Reclamation Act of 1977 (30 U.S.C. 1231) is amended—

(1) in subsection (c)—

(A) by striking paragraphs (2) and (6); and

(B) by redesignating paragraphs (3), (4), and (5) and paragraphs (7) through (13) as paragraphs (2) through (11), respectively;

(2) by striking subsection (d) and inserting the following:

''(d) AVAILABILITY OF MONEYS; NO FISCAL YEAR LIMITATION.—

''(1) IN GENERAL.—Moneys from the fund for expenditures under subparagraphs (A) through (D) of section 402(g)(3) shall be available only when appropriated for those subparagraphs.

''(2) NO FISCAL YEAR LIMITATION.—Appropriations described in paragraph (1) shall be made without fiscal year limitation.

''(3) OTHER PURPOSES.—Moneys from the fund shall be available for all other purposes of this title without prior appropriation as provided in subsection (f).'';

(3) in subsection (e)—

(A) in the second sentence, by striking ''the needs of such fund'' and inserting ''achieving the purposes of the transfers under section 402(h)''; and

(B) in the third sentence, by inserting before the period the following: ''for the purpose of the transfers under section 402(h)''; and

(4) by adding at the end the following:

''(f) GENERAL LIMITATION ON OBLIGATION AUTHORITY.—

''(1) IN GENERAL.—From amounts deposited into the fund under subsection (b), the Secretary shall distribute during each fiscal year beginning after September 30, 2007, an amount determined under paragraph (2).

''(2) AMOUNTS.—

''(A) FOR FISCAL YEARS 2008 THROUGH 2022.—For each of fiscal years 2008 through 2022, the amount distributed by the Secretary under this subsection shall be equal to—

''(i) the amounts deposited into the fund under paragraphs (1), (2), and (4) of subsection (b) for the preceding fiscal year that were allocated under paragraphs (1) and (5) of section 402(g); plus

''(ii) the amount needed for the adjustment under section 402(g)(8) for the current fiscal year.

''(B) FISCAL YEARS 2023 AND THEREAFTER.—For fiscal year 2023 and each fiscal year thereafter, to the extent that funds are available, the Secretary shall distribute an amount equal to the amount distributed under subparagraph (A) during fiscal year 2022.

''(3) DISTRIBUTION.—

''(A) IN GENERAL.—Except as provided in subparagraph (B), for each fiscal year, of the amount to be distributed to States and Indian tribes pursuant to paragraph (2), the Secretary shall distribute—

''(i) the amounts allocated under paragraph (1) of section 402(g), the amounts allocated under paragraph (5) of section 402(g), and any amount reallocated under section 411(h)(3) in accordance with section 411(h)(2), for grants to States and Indian tribes under section 402(g)(5); and

''(ii) the amounts allocated under section 402(g)(8).

''(B) EXCLUSION.—Beginning on October 1, 2007, certified States shall be ineligible to receive amounts under section 402(g)(1).

''(4) AVAILABILITY.—Amounts in the fund available to the Secretary for obligation under this subsection shall be available until expended.

''(5) ADDITION.—

''(A) IN GENERAL.—Subject to subparagraph (B), the amount distributed under this subsection for each fiscal year shall be in addition to the amount appropriated from the fund during the fiscal year.

''(B) EXCEPTIONS.—Notwithstanding paragraph (3), the amount distributed under this subsection for the first 4 fiscal years beginning on and after October 1, 2007, shall be equal to the following percentage of the amount otherwise required to be distributed:

''(i) 50 percent in fiscal year 2008.

''(ii) 50 percent in fiscal year 2009.

''(iii) 75 percent in fiscal year 2010.

''(iv) 75 percent in fiscal year 2011.''.

(b) CONFORMING AMENDMENT.—Section 712(b) of the Surface Mining Control and Reclamation Act of 1977 (30 U.S.C. 1302(b)) is amended by striking ''section 401(c)(11)'' and inserting ''section 401(c)(9)''.

SEC. 312. RECLAMATION FEE.

(a) AMOUNTS.—

(1) FISCAL YEARS 2008–2012.—Effective October 1, 2007, section 402(a) of the Surface Mining Control and Reclamation Act of 1977 (30 U.S.C. 1232(a)) is amended—

(A) by striking ''35'' and inserting ''31.5'';

(B) by striking ''15'' and inserting ''13.5''; and

(C) by striking ''10 cents'' and inserting ''9 cents''.

(2) FISCAL YEARS 2013–2021.—Effective October 1, 2012, section 402(a) of the Surface Mining Control and Reclamation Act of 1977 (30

U.S.C. 1232(a)) (as amended by paragraph (1)) is amended—

(A) by striking ''31.5'' and inserting ''28'';

(B) by striking ''13.5'' and inserting ''12''; and

(C) by striking ''9 cents'' and inserting ''8 cents''.

(b) DURATION.—Effective September 30, 2007, section 402(b) of the Surface Mining Control and Reclamation Act of 1977 (30 U.S.C. 1232(b)) (as amended by section 7007 of the Emergency Supplemental Appropriations Act for Defense, the Global War on Terror, and Hurricane Recovery, 2006 (Public Law 109–234; 120 Stat. 484)) is amended by striking ''September 30, 2007'' and all that follows through the end of the sentence and inserting ''September 30, 2021.''.

(c) ALLOCATION OF FUNDS.—Section 402(g) of the Surface Mining Control and Reclamation Act of 1977 (30 U.S.C. 1232(g)) is amended—

(1) in paragraph (1)(D)—

(A) by inserting ''(except for grants awarded during fiscal years 2008, 2009, and 2010 to the extent not expended within 5 years)'' after ''this paragraph''; and

(B) by striking ''in any area under paragraph (2), (3), (4), or (5)'' and inserting ''under paragraph (5)'';

(2) by striking paragraph (2) and inserting:

''(2) In making the grants referred to in paragraph (1)(C) and the grants referred to in paragraph (5), the Secretary shall ensure strict compliance by the States and Indian tribes with the priorities described in section 403(a) until a certification is made under section 411(a).'';

(3) in paragraph (3)—

(A) in the matter preceding subparagraph (A), by striking ''paragraphs (2) and'' and inserting ''paragraph'';

(B) in subparagraph (A), by striking ''401(c)(11)'' and inserting ''401(c)(9)''; and

(C) by adding at the end the following:

''(E) For the purpose of paragraph (8).'';

(4) in paragraph (5)—

(A) by inserting ''(A)'' after ''(5)'';

(B) in the first sentence, by striking ''40'' and inserting ''60'';

(C) in the last sentence, by striking ''Funds allocated or expended by the Secretary under paragraphs (2), (3), or (4)'' and inserting ''Funds made available under paragraph (3) or (4)''; and

(D) by adding at the end the following:

''(B) Any amount that is reallocated and available under section 411(h)(3) shall be in addition to amounts that are allocated under subparagraph (A).''; and

(5) by striking paragraphs (6) through (8) and inserting the following:

''(6)(A) Any State with an approved abandoned mine reclamation program pursuant to section 405 may receive and retain, without regard to the 3-year limitation referred to in paragraph (1)(D), up to 30 percent of the total of the grants made annually to the State under paragraphs (1) and (5) if those amounts are deposited into an acid mine drainage abatement and treatment fund established under State law, from which amounts (together with all interest earned on the amounts) are expended by the State for the abatement of the causes and the treatment of the effects of acid mine drainage in a comprehensive manner within qualified hydrologic units affected by coal mining practices.

''(B) In this paragraph, the term 'qualified hydrologic unit' means a hydrologic unit—

''(i) in which the water quality has been significantly affected by acid mine drainage from coal mining practices in a manner that adversely impacts biological resources; and

''(ii) that contains land and water that are—

''(I) eligible pursuant to section 404 and include any of the priorities described in section 403(a); and

''(II) the subject of expenditures by the State from the forfeiture of bonds required under section 509 or from other States sources to abate and treat acid mine drainage.

''(7) In complying with the priorities described in section 403(a), any State or Indian tribe may use amounts available in grants made annually to the State or tribe under paragraphs (1) and (5) for the reclamation of eligible land and water described in section 403(a)(3) before the completion of reclamation projects under paragraphs (1) and (2) of section 403(a) only if the expenditure of funds for the reclamation is done in conjunction with the expenditure before, on, or after the date of enactment of the Surface Mining Control and Reclamation Act Amendments of 2006 of funds for reclamation projects under paragraphs (1) and (2) of section 403(a).

''(8)(A) In making funds available under this title, the Secretary shall ensure that the grant awards total not less than $3,000,000 annually to each State and each Indian tribe having an approved abandoned mine reclamation program pursuant to section 405 and eligible land and water pursuant to section 404, so long as an allocation of funds to the State or tribe is necessary to achieve the priorities stated in paragraphs (1) and (2) of section 403(a).

''(B) Notwithstanding any other provision of law, this paragraph applies to the States of Tennessee and Missouri.''.

(d) TRANSFERS OF INTEREST EARNED BY ABANDONED MINE RECLAMATION FUND.—Section 402 of the Surface Mining Control and Reclamation Act of 1977 (30 U.S.C. 1232) is amended by striking subsection (h) and inserting the following:

''(h) TRANSFERS OF INTEREST EARNED BY FUND.—

''(1) IN GENERAL.—

''(A) TRANSFERS TO COMBINED BENEFIT FUND.—As soon as practicable after the beginning of fiscal year 2007 and each fiscal year thereafter, and before making any allocation with respect to the fiscal year under subsection (g), the Secretary shall use an amount not to exceed the amount of interest that the Secretary estimates will be earned and paid to the fund during the fiscal year to make the transfer described in paragraph (2)(A).

''(B) TRANSFERS TO 1992 AND 1993 PLANS.—As soon as practicable after the beginning of fiscal year 2008 and each fiscal year thereafter, and before making any allocation with respect to the fiscal year under subsection (g), the Secretary shall use an amount not to exceed the amount of interest that the Secretary estimates will be earned and paid to the fund during the fiscal year (reduced by the amount used under subparagraph (A)) to make the transfers described in paragraphs (2)(B) and (2)(C).

''(2) TRANSFERS DESCRIBED.—The transfers referred to in paragraph (1) are the following:

''(A) UNITED MINE WORKERS OF AMERICA COMBINED BENEFIT FUND.—A transfer to the United Mine Workers of America Combined Benefit Fund equal to the amount that the trustees of the Combined Benefit Fund estimate will be expended from the fund for the fiscal year in which the transfer is made, reduced by—

''(i) the amount the trustees of the Combined Benefit Fund estimate the Combined Benefit Fund will receive during the fiscal year in—

''(I) required premiums; and

''(II) payments paid by Federal agencies in connection with benefits provided by the Combined Benefit Fund; and

''(ii) the amount the trustees of the Combined Benefit Fund estimate will be expended during the fiscal year to provide health benefits to beneficiaries who are unassigned beneficiaries solely as a result of the application of section 9706(h)(1) of the Internal Revenue Code of 1986, but only to the extent that such amount does not exceed the amounts described in subsection (i)(1)(A) that the Secretary estimates will be available to pay such estimated expenditures.

''(B) UNITED MINE WORKERS OF AMERICA 1992 BENEFIT PLAN.—A transfer to the United Mine Workers of America 1992 Benefit Plan, in an amount equal to the difference between—

''(i) the amount that the trustees of the 1992 UMWA Benefit Plan estimate will be expended from the 1992 UMWA Benefit Plan during the next calendar year to provide the benefits required by the 1992 UMWA Benefit Plan on the date of enactment of this subparagraph; minus

''(ii) the amount that the trustees of the 1992 UMWA Benefit Plan estimate the 1992 UMWA Benefit Plan will receive during the next calendar year in—

''(I) required monthly per beneficiary premiums, including the amount of any security provided to the 1992 UMWA Benefit Plan that is available for use in the provision of benefits; and

''(II) payments paid by Federal agencies in connection with benefits provided by the 1992 UMWA benefit plan.

''(C) MULTIEMPLOYER HEALTH BENEFIT PLAN.—A transfer to the Multiemployer Health Benefit Plan established after July 20, 1992, by the parties that are the settlors of the 1992 UMWA Benefit Plan referred to in subparagraph (B) (referred to in this subparagraph and subparagraph (D) as 'the Plan'), in an amount equal to the excess (if any) of—

''(i) the amount that the trustees of the Plan estimate will be expended from the Plan during the next calendar year, to provide benefits no greater than those provided by the Plan as of December 31, 2006; over

''(ii) the amount that the trustees estimated the Plan will receive during the next calendar year in payments paid by Federal agencies in connection with benefits provided by the Plan.

Such excess shall be calculated by taking into account only those beneficiaries actually enrolled in the Plan as of December 31, 2006, who are eligible to receive benefits under the Plan on the first day of the calendar year for which the transfer is made.

''(D) INDIVIDUALS CONSIDERED ENROLLED.—For purposes of subparagraph (C), any individual who was eligible to receive benefits from the Plan as of the date of enactment of this subsection, even though benefits were being provided to the individual pursuant to a settlement agreement approved by order of a bankruptcy court entered on or before September 30, 2004, will be considered to be actually enrolled in the Plan and shall receive benefits from the Plan beginning on December 31, 2006.

''(3) ADJUSTMENT.—If, for any fiscal year, the amount of a transfer under subparagraph (A), (B), or (C) of paragraph (2) is more or less than the amount required to be transferred under that subparagraph, the Secretary shall appropriately adjust the amount transferred under that subparagraph for the next fiscal year.

''(4) ADDITIONAL AMOUNTS.—

''(A) PREVIOUSLY CREDITED INTEREST.—Notwithstanding any other provision of law, any interest credited to the fund that has not previously been transferred to the Combined Benefit Fund referred to in paragraph (2)(A) under this section—

''(i) shall be held in reserve by the Secretary until such time as necessary to make

the payments under subparagraphs (A) and (B) of subsection (i)(1), as described in clause (ii); and

''(ii) in the event that the amounts described in subsection (i)(1) are insufficient to make the maximum payments described in subparagraphs (A) and (B) of subsection (i)(1), shall be used by the Secretary to supplement the payments so that the maximum amount permitted under those paragraphs is paid.

''(B) PREVIOUSLY ALLOCATED AMOUNTS.—All amounts allocated under subsection (g)(2) before the date of enactment of this subparagraph for the program described in section 406, but not appropriated before that date, shall be available to the Secretary to make the transfers described in paragraph (2).

''(C) ADEQUACY OF PREVIOUSLY CREDITED INTEREST.—The Secretary shall—

''(i) consult with the trustees of the plans described in paragraph (2) at reasonable intervals; and

''(ii) notify Congress if a determination is made that the amounts held in reserve under subparagraph (A) are insufficient to meet future requirements under subparagraph (A)(ii).

''(D) ADDITIONAL RESERVE AMOUNTS.—In addition to amounts held in reserve under subparagraph (A), there is authorized to be appropriated such sums as may be necessary for transfer to the fund to carry out the purposes of subparagraph (A)(ii).

''(E) INAPPLICABILITY OF CAP.—The limitation described in subsection (i)(3)(A) shall not apply to payments made from the reserve fund under this paragraph.

''(5) LIMITATIONS.—

''(A) AVAILABILITY OF FUNDS FOR NEXT FISCAL YEAR.—The Secretary may make transfers under subparagraphs (B) and (C) of paragraph (2) for a calendar year only if the Secretary determines, using actuarial projections provided by the trustees of the Combined Benefit Fund referred to in paragraph (2)(A), that amounts will be available under paragraph (1), after the transfer, for the next fiscal year for making the transfer under paragraph (2)(A).

''(B) RATE OF CONTRIBUTIONS OF OBLIGORS.—

''(i) IN GENERAL.—

''(I) RATE.—A transfer under paragraph (2)(C) shall not be made for a calendar year unless the persons that are obligated to contribute to the plan referred to in paragraph (2)(C) on the date of the transfer are obligated to make the contributions at rates that are no less than those in effect on the date which is 30 days before the date of enactment of this subsection.

''(II) APPLICATION.—The contributions described in subclause (I) shall be applied first to the provision of benefits to those plan beneficiaries who are not described in paragraph (2)(C)(ii).

''(ii) INITIAL CONTRIBUTIONS.—

''(I) IN GENERAL.—From the date of enactment of the Surface Mining Control and Reclamation Act Amendments of 2006 through December 31, 2010, the persons that, on the date of enactment of that Act, are obligated to contribute to the plan referred to in paragraph (2)(C) shall be obligated, collectively, to make contributions equal to the amount described in paragraph (2)(C), less the amount actually transferred due to the operation of subparagraph (C).

''(II) FIRST CALENDAR YEAR.—Calendar year 2006 is the first calendar year for which contributions are required under this clause.

''(III) AMOUNT OF CONTRIBUTION FOR 2006.—Except as provided in subclause (IV), the amount described in paragraph (2)(C) for calendar year 2006 shall be calculated as if paragraph (2)(C) had been in effect during 2005.

''(IV) LIMITATION.—The contributions required under this clause for calendar year 2006 shall not exceed the amount necessary for solvency of the plan described in paragraph (2)(C), measured as of December 31, 2006 and taking into account all assets held by the plan as of that date.

''(iii) DIVISION.—The collective annual contribution obligation required under clause (ii) shall be divided among the persons subject to the obligation, and applied uniformly, based on the hours worked for which contributions referred to in clause (i) would be owed.

''(C) PHASE-IN OF TRANSFERS.—For each of calendar years 2008 through 2010, the transfers required under subparagraphs (B) and (C) of paragraph (2) shall equal the following amounts:

''(i) For calendar year 2008, the Secretary shall make transfers equal to 25 percent of the amounts that would otherwise be required under subparagraphs (B) and (C) of paragraph (2).

''(ii) For calendar year 2009, the Secretary shall make transfers equal to 50 percent of the amounts that would otherwise be required under subparagraphs (B) and (C) of paragraph (2).

''(iii) For calendar year 2010, the Secretary shall make transfers equal to 75 percent of the amounts that would otherwise be required under subparagraphs (B) and (C) of paragraph (2).

''(i) FUNDING.—

''(1) IN GENERAL.—Subject to paragraph (3), out of any funds in the Treasury not otherwise appropriated, the Secretary of the Treasury shall transfer to the plans described in subsection (h)(2) such sums as are necessary to pay the following amounts:

''(A) To the Combined Fund (as defined in section 9701(a)(5) of the Internal Revenue Code of 1986 and referred to in this paragraph as the 'Combined Fund'), the amount that the trustees of the Combined Fund estimate will be expended from premium accounts maintained by the Combined Fund for the fiscal year to provide benefits for beneficiaries who are unassigned beneficiaries solely as a result of the application of section 9706(h)(1) of the Internal Revenue Code of 1986, subject to the following limitations:

''(i) For fiscal year 2008, the amount paid under this subparagraph shall equal—

''(I) the amount described in subparagraph (A); minus

''(II) the amounts required under section 9706(h)(3)(A) of the Internal Revenue Code of 1986.

''(ii) For fiscal year 2009, the amount paid under this subparagraph shall equal—

''(I) the amount described in subparagraph (A); minus

''(II) the amounts required under section 9706(h)(3)(B) of the Internal Revenue Code of 1986.

''(iii) For fiscal year 2010, the amount paid under this subparagraph shall equal—

''(I) the amount described in subparagraph (A); minus

''(II) the amounts required under section 9706(h)(3)(C) of the Internal Revenue Code of 1986.

''(B) On certification by the trustees of any plan described in subsection (h)(2) that the amount available for transfer by the Secretary pursuant to this section (determined after application of any limitation under subsection (h)(5)) is less than the amount required to be transferred, to the plan the amount necessary to meet the requirement of subsection (h)(2).

''(C) To the Combined Fund, $9,000,000 on October 1, 2007, $9,000,000 on October 1, 2008, and $9,000,000 on October 1, 2009 (which amounts shall not be exceeded) to provide a refund of any premium (as described in section 9704(a) of the Internal Revenue Code of 1986) paid on or before September 7, 2000, to the Combined Fund, plus interest on the premium calculated at the rate of 7.5 percent per year, on a proportional basis and to be paid not later than 60 days after the date on which each payment is received by the Combined Fund, to those signatory operators (to the extent that the Combined Fund has not previously returned the premium amounts to the operators), or any related persons to the operators (as defined in section 9701(c) of the Internal Revenue Code of 1986), or their heirs, successors, or assigns who have been denied the refunds as the result of final judgments or settlements if—

''(i) prior to the date of enactment of this paragraph, the signatory operator (or any related person to the operator)—

''(I) had all of its beneficiary assignments made under section 9706 of the Internal Revenue Code of 1986 voided by the Commissioner of the Social Security Administration; and

''(II) was subject to a final judgment or final settlement of litigation adverse to a claim by the operator that the assignment of beneficiaries under section 9706 of the Internal Revenue Code of 1986 was unconstitutional as applied to the operator; and

''(ii) on or before September 7, 2000, the signatory operator (or any related person to the operator) had paid to the Combined Fund any premium amount that had not been refunded.

''(2) PAYMENTS TO STATES AND INDIAN TRIBES.—Subject to paragraph (3), out of any funds in the Treasury not otherwise appropriated, the Secretary of the Treasury shall transfer to the Secretary of the Interior for distribution to States and Indian tribes such sums as are necessary to pay amounts described in paragraphs (1)(A) and (2)(A) of section 411(h).

''(3) LIMITATIONS.—

''(A) CAP.—The total amount transferred under this subsection for any fiscal year shall not exceed $490,000,000.

''(B) INSUFFICIENT AMOUNTS.—In a case in which the amount required to be transferred without regard to this paragraph exceeds the maximum annual limitation in subparagraph (A), the Secretary shall adjust the transfers of funds so that—

''(i) each transfer for the fiscal year is a percentage of the amount described;

''(ii) the amount is determined without regard to subsection (h)(5)(A); and

''(iii) the percentage transferred is the same for all transfers made under this subsection for the fiscal year.

''(4) AVAILABILITY OF FUNDS.—Funds shall be transferred under paragraph (1) and (2) beginning in fiscal year 2008 and each fiscal year thereafter, and shall remain available until expended.''.

SEC. 313. OBJECTIVES OF FUND.

Section 403 of the Surface Mining Control and Reclamation Act of 1977 (30 U.S.C. 1233) is amended—

(1) in subsection (a)—

(A) in paragraph (1)—

(i) by striking ''(1) the protection'' and inserting the following:

''(1)(A) the protection;'';

(ii) in subparagraph (A) (as designated by clause (i)), by striking ''general welfare,''; and

(iii) by adding at the end the following:

''(B) the restoration of land and water resources and the environment that—

''(i) have been degraded by the adverse effects of coal mining practices; and

''(ii) are adjacent to a site that has been or will be remediated under subparagraph (A);'';

(B) in paragraph (2)—

(i) by striking ''(2) the protection'' and inserting the following:

''(2)(A) the protection'';

(ii) in subparagraph (A) (as designated by clause (i), by striking ''health, safety, and general welfare'' and inserting ''health and safety''; and

(iii) by adding at the end the following:

''(B) the restoration of land and water resources and the environment that—

''(i) have been degraded by the adverse effects of coal mining practices; and

''(ii) are adjacent to a site that has been or will be remediated under subparagraph (A); and'';

(C) in paragraph (3), by striking the semicolon at the end and inserting a period; and

(D) by striking paragraphs (4) and (5);

(2) in subsection (b)—

(A) by striking the subsection heading and inserting ''WATER SUPPLY RESTORATION.—''; and

(B) in paragraph (1), by striking ''up to 30 percent of the''; and

(3) in the second sentence of subsection (c), by inserting '', subject to the approval of the Secretary,'' after ''amendments''.

SEC. 314. RECLAMATION OF RURAL LAND.

(a) ADMINISTRATION.—Section 406(h) of the Surface Mining Control and Reclamation Act of 1977 (30 U.S.C. 1236(h)) is amended by striking ''Soil Conservation Service'' and inserting ''Natural Resources Conservation Service''.

(b) AUTHORIZATION OF APPROPRIATIONS FOR CARRYING OUT RURAL LAND RECLAMATION.—Section 406 of the Surface Mining Control and Reclamation Act of 1977 (30 U.S.C. 1236) is amended by adding at the end the following:

''(i) There are authorized to be appropriated to the Secretary of Agriculture, from amounts in the Treasury other than amounts in the fund, such sums as may be necessary to carry out this section.''.

SEC. 315. LIENS.

Section 408(a) of the Surface Mining Control and Reclamation Act of 1977 (30 U.S.C. 1238) is amended in the last sentence by striking ''who owned the surface prior to May 2, 1977, and''.

SEC. 316. CERTIFICATION.

Section 411 of the Surface Mining Control and Reclamation Act of 1977 (30 U.S.C. 1240a) is amended—

(1) in subsection (a)—

(A) by inserting ''(1)'' before the first sentence; and

(B) by adding at the end the following:

''(2)(A) The Secretary may, on the initiative of the Secretary, make the certification referred to in paragraph (1) on behalf of any State or Indian tribe referred to in paragraph (1) if on the basis of the inventory referred to in section 403(c) all reclamation projects relating to the priorities described in section 403(a) for eligible land and water pursuant to section 404 in the State or tribe have been completed.

''(B) The Secretary shall only make the certification after notice in the Federal Register and opportunity for public comment.''; and

(2) by adding at the end the following:

''(h) PAYMENTS TO STATES AND INDIAN TRIBES.—

''(1) IN GENERAL.—

''(A) PAYMENTS.—

''(i) IN GENERAL.—Notwithstanding section 401(f)(3)(B), from funds referred to in section 402(i)(2), the Secretary shall make payments to States or Indian tribes for the amount due for the aggregate unappropriated amount allocated to the State or Indian tribe under subparagraph (A) or (B) of section 402(g)(1).

''(ii) CONVERSION AS EQUIVALENT PAYMENTS.—Amounts allocated under subparagraphs (A) or (B) of section 402(g)(1) shall be reallocated to the allocation established in section 402(g)(5) in amounts equivalent to payments made to States or Indian tribes under this paragraph.

''(B) AMOUNT DUE.—In this paragraph, the term 'amount due' means the unappropriated amount allocated to a State or Indian tribe before October 1, 2007, under subparagraph (A) or (B) of section 402(g)(1).

''(C) SCHEDULE.—Payments under subparagraph (A) shall be made in 7 equal annual installments, beginning with fiscal year 2008.

''(D) USE OF FUNDS.—

''(i) CERTIFIED STATES AND INDIAN TRIBES.—A State or Indian tribe that makes a certification under subsection (a) in which the Secretary concurs shall use any amounts provided under this paragraph for the purposes established by the State legislature or tribal council of the Indian tribe, with priority given for addressing the impacts of mineral development.

''(ii) UNCERTIFIED STATES AND INDIAN TRIBES.—A State or Indian tribe that has not made a certification under subsection (a) in which the Secretary has concurred shall use any amounts provided under this paragraph for the purposes described in section 403.

''(2) SUBSEQUENT STATE AND INDIAN TRIBE SHARE FOR CERTIFIED STATES AND INDIAN TRIBES.—

''(A) IN GENERAL.—Notwithstanding section 401(f)(3)(B), from funds referred to in section 402(i)(2), the Secretary shall pay to each certified State or Indian tribe an amount equal to the sum of the aggregate unappropriated amount allocated on or after October 1, 2007, to the certified State or Indian tribe under subparagraph (A) or (B) of section 402(g)(1).

''(B) CERTIFIED STATE OR INDIAN TRIBE DEFINED.—In this paragraph the term 'certified State or Indian tribe' means a State or Indian tribe for which a certification is made under subsection (a) in which the Secretary concurs.

''(3) MANNER OF PAYMENT.—

''(A) IN GENERAL.—Subject to subparagraph (B), payments to States or Indian tribes under this subsection shall be made without regard to any limitation in section 401(d) and concurrently with payments to States under that section.

''(B) INITIAL PAYMENTS.—The first 3 payments made to any State or Indian tribe shall be reduced to 25 percent, 50 percent, and 75 percent, respectively, of the amounts otherwise required under paragraph (2)(A).

''(C) INSTALLMENTS.—Amounts withheld from the first 3 annual installments as provided under subparagraph (B) shall be paid in 2 equal annual installments beginning with fiscal year 2018.

''(4) REALLOCATION.—

''(A) IN GENERAL.—The amount allocated to any State or Indian tribe under subparagraph (A) or (B) of section 402(g)(1) that is paid to the State or Indian tribe as a result of a payment under paragraph (1) or (2) shall be reallocated and available for grants under section 402(g)(5).

''(B) ALLOCATION.—The grants shall be allocated based on the amount of coal historically produced before August 3, 1977, in the same manner as under section 402(g)(5).''.

SEC. 317. REMINING INCENTIVES.

Title IV of the Surface Mining Control and Reclamation Act of 1977 (30 U.S.C. 1231 et seq.) is amended by adding at the following:

''SEC. 415. REMINING INCENTIVES.

''(a) IN GENERAL.—Notwithstanding any other provision of this Act, the Secretary may, after opportunity for public comment, promulgate regulations that describe conditions under which amounts in the fund may be used to provide incentives to promote remining of eligible land under section 404 in a manner that leverages the use of amounts from the fund to achieve more reclamation with respect to the eligible land than would be achieved without the incentives.

''(b) REQUIREMENTS.—Any regulations promulgated under subsection (a) shall specify that the incentives shall apply only if the Secretary determines, with the concurrence of the State regulatory authority referred to in title V, that, without the incentives, the eligible land would not be likely to be remined and reclaimed.

''(c) INCENTIVES.—

''(1) IN GENERAL.—Incentives that may be considered for inclusion in the regulations promulgated under subsection (a) include, but are not limited to—

''(A) a rebate or waiver of the reclamation fees required under section 402(a); and

''(B) the use of amounts in the fund to provide financial assurance for remining operations in lieu of all or a portion of the performance bonds required under section 509.

''(2) LIMITATIONS.—

''(A) USE.—A rebate or waiver under paragraph (1)(A) shall be used only for operations that—

''(i) remove or reprocess abandoned coal mine waste; or

''(ii) conduct remining activities that meet the priorities specified in paragraph (1) or (2) of section 403(a).

''(B) AMOUNT.—The amount of a rebate or waiver provided as an incentive under paragraph (1)(A) to remine or reclaim eligible land shall not exceed the estimated cost of reclaiming the eligible land under this section.''.

SEC. 318. EXTENSION OF LIMITATION ON APPLICATION OF PROHIBITION ON ISSUANCE OF PERMIT.

Section 510(e) of the Surface Mining Control and Reclamation Act of 1977 (30 U.S.C. 1260(e)) is amended by striking the last sentence.

SEC. 319. TRIBAL REGULATION OF SURFACE COAL MINING AND RECLAMATION OPERATIONS.

(a) IN GENERAL.—Section 710 of the Surface Mining Control and Reclamation Act of 1977 (30 U.S.C. 1300) is amended by adding at the end the following:

''(j) TRIBAL REGULATORY AUTHORITY.—

''(1) TRIBAL REGULATORY PROGRAMS.—

''(A) IN GENERAL.—Notwithstanding any other provision of law, an Indian tribe may apply for, and obtain the approval of, a tribal program under section 503 regulating in whole or in part surface coal mining and reclamation operations on reservation land under the jurisdiction of the Indian tribe using the procedures of section 504(e).

''(B) REFERENCES TO STATE.—For purposes of this subsection and the implementation and administration of a tribal program under title V, any reference to a 'State' in this Act shall be considered to be a reference to a 'tribe'.

''(2) CONFLICTS OF INTEREST.—

''(A) IN GENERAL.—The fact that an individual is a member of an Indian tribe does not in itself constitute a violation of section 201(f).

''(B) EMPLOYEES OF TRIBAL REGULATORY AUTHORITY.—Any employee of a tribal regulatory authority shall not be eligible for a per capita distribution of any proceeds from coal mining operations conducted on Indian reservation lands under this Act.

''(3) SOVEREIGN IMMUNITY.—To receive primary regulatory authority under section 504(e), an Indian tribe shall waive sovereign immunity for purposes of section 520 and paragraph (4).

''(4) JUDICIAL REVIEW.—

''(A) CIVIL ACTIONS.—

''(i) IN GENERAL.—After exhausting all tribal remedies with respect to a civil action arising under a tribal program approved under section 504(e), an interested party may file a petition for judicial review of the civil action in the United States circuit court for

the circuit in which the surface coal mining operation named in the petition is located.

''(ii) SCOPE OF REVIEW.—

''(I) QUESTIONS OF LAW.—The United States circuit court shall review de novo any questions of law under clause (i).

''(II) FINDINGS OF FACT.—The United States circuit court shall review findings of fact under clause (i) using a clearly erroneous standard.

''(B) CRIMINAL ACTIONS.—Any criminal action brought under section 518 with respect to surface coal mining or reclamation operations on Indian reservation lands shall be brought in—

''(i) the United States District Court for the District of Columbia; or

''(ii) the United States district court in which the criminal activity is alleged to have occurred.

''(5) GRANTS.—

''(A) IN GENERAL.—Except as provided in subparagraph (B), grants for developing, administering, and enforcing tribal programs approved in accordance with section 504(e) shall be provided to an Indian tribe in accordance with section 705.

''(B) EXCEPTION.—Notwithstanding subparagraph (A), the Federal share of the costs of developing, administering, and enforcing an approved tribal program shall be 100 percent.

''(6) REPORT.—Not later than 18 months after the date on which a tribal program is approved under subsection (e) of section 504, the Secretary shall submit to the appropriate committees of Congress a report, developed in cooperation with the applicable Indian tribe, on the tribal program that includes a recommendation of the Secretary on whether primary regulatory authority under that subsection should be expanded to include additional Indian lands.''.

(b) CONFORMING AMENDMENT.—Section 710(i) of the Surface Mining Control and Reclamation Act of 1977 (30 U.S.C. 1300(i)) is amended in the first sentence by striking '', except'' and all that follows through ''section 503''.

Subtitle B—Coal Industry Retiree Health Benefit Act

SEC. 321. CERTAIN RELATED PERSONS AND SUCCESSORS IN INTEREST RELIEVED OF LIABILITY IF PREMIUMS PREPAID.

(a) COMBINED BENEFIT FUND.—

(1) IN GENERAL.—Section 9704 of the Internal Revenue Code of 1986 (relating to liability of assigned operators) is amended by adding at the end the following new subsection:

''(j) PREPAYMENT OF PREMIUM LIABILITY.—

''(1) IN GENERAL.—If—

''(A) a payment meeting the requirements of paragraph (3) is made to the Combined Fund by or on behalf of—

''(i) any assigned operator to which this subsection applies, or

''(ii) any related person to any assigned operator described in clause (i), and

''(B) the common parent of the controlled group of corporations described in paragraph (2)(B) is jointly and severally liable for any premium under this section which (but for this subsection) would be required to be paid by the assigned operator or related person,

then such common parent (and no other person) shall be liable for such premium.

''(2) ASSIGNED OPERATORS TO WHICH SUBSECTION APPLIES.—

''(A) IN GENERAL.—This subsection shall apply to any assigned operator if—

''(i) the assigned operator (or a related person to the assigned operator)—

''(I) made contributions to the 1950 UMWA Benefit Plan and the 1974 UMWA Benefit Plan for employment during the period covered by the 1988 agreement; and

''(II) is not a 1988 agreement operator,

''(ii) the assigned operator (and all related persons to the assigned operator) are not actively engaged in the production of coal as of July 1, 2005, and

''(iii) the assigned operator was, as of July 20, 1992, a member of a controlled group of corporations described in subparagraph (B).

''(B) CONTROLLED GROUP OF CORPORATIONS.—A controlled group of corporations is described in this subparagraph if the common parent of such group is a corporation the shares of which are publicly traded on a United States exchange.

''(C) COORDINATION WITH REPEAL OF ASSIGNMENTS.—A person shall not fail to be treated as an assigned operator to which this subsection applies solely because the person ceases to be an assigned operator by reason of section 9706(h)(1) if the person otherwise meets the requirements of this subsection and is liable for the payment of premiums under section 9706(h)(3).

''(D) CONTROLLED GROUP.—For purposes of this subsection, the term 'controlled group of corporations' has the meaning given such term by section 52(a).

''(3) REQUIREMENTS.—A payment meets the requirements of this paragraph if—

''(A) the amount of the payment is not less than the present value of the total premium liability under this chapter with respect to the Combined Fund of the assigned operators or related persons described in paragraph (1) or their assignees, as determined by the operator's or related person's enrolled actuary (as defined in section 7701(a)(35)) using actuarial methods and assumptions each of which is reasonable and which are reasonable in the aggregate, as determined by such enrolled actuary;

''(B) such enrolled actuary files with the Secretary of Labor a signed actuarial report containing—

''(i) the date of the actuarial valuation applicable to the report; and

''(ii) a statement by the enrolled actuary signing the report that, to the best of the actuary's knowledge, the report is complete and accurate and that in the actuary's opinion the actuarial assumptions used are in the aggregate reasonably related to the experience of the operator and to reasonable expectations; and

''(C) 90 calendar days have elapsed after the report required by subparagraph (B) is filed with the Secretary of Labor, and the Secretary of Labor has not notified the assigned operator in writing that the requirements of this paragraph have not been satisfied.

''(4) USE OF PREPAYMENT.—The Combined Fund shall—

''(A) establish and maintain an account for each assigned operator or related person by, or on whose behalf, a payment described in paragraph (3) was made,

''(B) credit such account with such payment (and any earnings thereon), and

''(C) use all amounts in such account exclusively to pay premiums that would (but for this subsection) be required to be paid by the assigned operator.

Upon termination of the obligations for the premium liability of any assigned operator or related person for which such account is maintained, all funds remaining in such account (and earnings thereon) shall be refunded to such person as may be designated by the common parent described in paragraph (1)(B).''.

(b) INDIVIDUAL EMPLOYER PLANS.—Section 9711(c) of the Internal Revenue Code of 1986 (relating to joint and several liability) is amended to read as follows:

''(c) JOINT AND SEVERAL LIABILITY OF RELATED PERSONS.—

''(1) IN GENERAL.—Except as provided in paragraph (2), each related person of a last signatory operator to which subsection (a) or (b) applies shall be jointly and severally liable with the last signatory operator for the provision of health care coverage described in subsection (a) or (b).

''(2) LIABILITY LIMITED IF SECURITY PROVIDED.—If—

''(A) security meeting the requirements of paragraph (3) is provided by or on behalf of—

''(i) any last signatory operator which is an assigned operator described in section 9704(j)(2), or

''(ii) any related person to any last signatory operator described in clause (i), and

''(B) the common parent of the controlled group of corporations described in section 9704(j)(2)(B) is jointly and severally liable for the provision of health care under this section which, but for this paragraph, would be required to be provided by the last signatory operator or related person,

then, as of the date the security is provided, such common parent (and no other person) shall be liable for the provision of health care under this section which the last signatory operator or related person would otherwise be required to provide. Security may be provided under this paragraph without regard to whether a payment was made under section 9704(j).

''(3) SECURITY.—Security meets the requirements of this paragraph if—

''(A) the security—

''(i) is in the form of a bond, letter of credit, or cash escrow,

''(ii) is provided to the trustees of the 1992 UMWA Benefit Plan solely for the purpose of paying premiums for beneficiaries who would be described in section 9712(b)(2)(B) if the requirements of this section were not met by the last signatory operator, and

''(iii) is in an amount equal to 1 year of liability of the last signatory operator under this section, determined by using the average cost of such operator's liability during the prior 3 calendar years;

''(B) the security is in addition to any other security required under any other provision of this title; and

''(C) the security remains in place for 5 years.

''(4) REFUNDS OF SECURITY.—The remaining amount of any security provided under this subsection (and earnings thereon) shall be refunded to the last signatory operator as of the earlier of—

''(A) the termination of the obligations of the last signatory operator under this section, or

''(B) the end of the 5-year period described in paragraph (4)(C).''.

(c) 1992 UMWA BENEFIT PLAN.—Section 9712(d)(4) of the Internal Revenue Code of 1986 (relating to joint and several liability) is amended by adding at the end the following new sentence: ''The provisions of section 9711(c)(2) shall apply to any last signatory operator described in such section (without regard to whether security is provided under such section, a payment is made under section 9704(j), or both) and if security meeting the requirements of section 9711(c)(3) is provided, the common parent described in section 9711(c)(2)(B) shall be exclusively responsible for any liability for premiums under this section which, but for this sentence, would be required to be paid by the last signatory operator or any related person.''.

(d) SUCCESSOR IN INTEREST.—Section 9701(c) of the Internal Revenue Code of 1986 (relating to terms relating to operators) is amended by adding at the end the following new paragraph:

''(8) SUCCESSOR IN INTEREST.—

''(A) SAFE HARBOR.—The term 'successor in interest' shall not include any person who—

''(i) is an unrelated person to an eligible seller described in subparagraph (C); and

''(ii) purchases for fair market value assets, or all of the stock, of a related person to such seller, in a bona fide, arm's-length sale.

''(B) UNRELATED PERSON.—The term 'unrelated person' means a purchaser who does not bear a relationship to the eligible seller described in section 267(b).

''(C) ELIGIBLE SELLER.—For purposes of this paragraph, the term 'eligible seller' means an assigned operator described in section 9704(j)(2) or a related person to such assigned operator.''.

(e) EFFECTIVE DATE.—The amendments made by this section shall take effect on the date of the enactment of this Act, except that the amendment made by subsection (d) shall apply to transactions after the date of the enactment of this Act.

SEC. 322. TRANSFERS TO FUNDS; PREMIUM RELIEF.

(a) COMBINED FUND.—

(1) FEDERAL TRANSFERS.—Section 9705(b) of the Internal Revenue Code of 1986 (relating to transfers from Abandoned Mine Reclamation Fund) is amended—

(A) in paragraph (1), by striking ''section 402(h)'' and inserting ''subsections (h) and (i) of section 402'';

(B) by striking paragraph (2) and inserting the following new paragraph:

''(2) USE OF FUNDS.—Any amount transferred under paragraph (1) for any fiscal year shall be used to pay benefits and administrative costs of beneficiaries of the Combined Fund or for such other purposes as are specifically provided in the Acts described in paragraph (1).''; and

(C) by striking ''FROM ABANDONED MINE RECLAMATION FUND''.

(2) MODIFICATIONS OF PREMIUMS TO REFLECT FEDERAL TRANSFERS.—

(A) ELIMINATION OF UNASSIGNED BENEFICIARIES PREMIUM.—Section 9704(d) of such Code (establishing unassigned beneficiaries premium) is amended to read as follows:

''(d) UNASSIGNED BENEFICIARIES PREMIUM.—

''(1) PLAN YEARS ENDING ON OR BEFORE SEPTEMBER 30, 2006.—For plan years ending on or before September 30, 2006, the unassigned beneficiaries premium for any assigned operator shall be equal to the applicable percentage of the product of the per beneficiary premium for the plan year multiplied by the number of eligible beneficiaries who are not assigned under section 9706 to any person for such plan year.

''(2) PLAN YEARS BEGINNING ON OR AFTER OCTOBER 1, 2006.—

''(A) IN GENERAL.—For plan years beginning on or after October 1, 2006, subject to subparagraph (B), there shall be no unassigned beneficiaries premium, and benefit costs with respect to eligible beneficiaries who are not assigned under section 9706 to any person for any such plan year shall be paid from amounts transferred under section 9705(b).

''(B) INADEQUATE TRANSFERS.—If, for any plan year beginning on or after October 1, 2006, the amounts transferred under section 9705(b) are less than the amounts required to be transferred to the Combined Fund under subsection (h)(2)(A) or (i) of section 402 of the Surface Mining Control and Reclamation Act of 1977 (30 U.S.C. 1232)), then the unassigned beneficiaries premium for any assigned operator shall be equal to the operator's applicable percentage of the amount required to be so transferred which was not so transferred.''.

(B) PREMIUM ACCOUNTS.—

(i) CREDITING OF ACCOUNTS.—Section 9704(e)(1) of such Code (relating to premium accounts; adjustments) is amended by inserting ''and amounts transferred under section 9705(b)'' after ''premiums received''.

(ii) SURPLUSES ATTRIBUTABLE TO PUBLIC FUNDING.—Section 9704(e)(3)(A) of such Code is amended by adding at the end the following new sentence: ''Amounts credited to an account from amounts transferred under section 9705(b) shall not be taken into account in determining whether there is a surplus in the account for purposes of this paragraph.''

(C) APPLICABLE PERCENTAGE.—Section 9704(f)(2) of such Code (relating to annual adjustments) is amended by adding at the end the following new subparagraph:

''(C) In the case of plan years beginning on or after October 1, 2007, the total number of assigned eligible beneficiaries shall be reduced by the eligible beneficiaries whose assignments have been revoked under section 9706(h).''.

(3) ASSIGNMENTS AND REASSIGNMENT.—Section 9706 of the Internal Revenue Code of 1986 (relating to assignment of eligible beneficiaries) is amended by adding at the end the following:

''(h) ASSIGNMENTS AS OF OCTOBER 1, 2007.—

''(1) IN GENERAL.—Subject to the premium obligation set forth in paragraph (3), the Commissioner of Social Security shall—

''(A) revoke all assignments to persons other than 1988 agreement operators for purposes of assessing premiums for plan years beginning on and after October 1, 2007; and

''(B) make no further assignments to persons other than 1988 agreement operators, except that no individual who becomes an unassigned beneficiary by reason of subparagraph (A) may be assigned to a 1988 agreement operator.

''(2) REASSIGNMENT UPON PURCHASE.—This subsection shall not be construed to prohibit the reassignment under subsection (b)(2) of an eligible beneficiary.

''(3) LIABILITY OF PERSONS DURING THREE FISCAL YEARS BEGINNING ON AND AFTER OCTOBER 1, 2007.—In the case of each of the fiscal years beginning on October 1, 2007, 2008, and 2009, each person other than a 1988 agreement operator shall pay to the Combined Fund the following percentage of the amount of annual premiums that such person would otherwise be required to pay under section 9704(a), determined on the basis of assignments in effect without regard to the revocation of assignments under paragraph (1)(A):

''(A) For the fiscal year beginning on October 1, 2007, 55 percent.

''(B) For the fiscal year beginning on October 1, 2008, 40 percent.

''(C) For the fiscal year beginning on October 1, 2009, 15 percent.''.

(4) EFFECTIVE DATE.—The amendments made by this subsection shall apply to plan years of the Combined Fund beginning after September 30, 2006.

(b) 1992 UMWA BENEFIT AND OTHER PLANS.—

(1) TRANSFERS TO PLANS.—Section 9712(a) of the Internal Revenue Code of 1986 (relating to the establishment and coverage of the 1992 UMWA Benefit Plan) is amended by adding at the end the following:

''(3) TRANSFERS UNDER OTHER FEDERAL STATUTES.—

''(A) IN GENERAL.—The 1992 UMWA Benefit Plan shall include any amount transferred to the plan under subsections (h) and (i) of section 402 of the Surface Mining Control and Reclamation Act of 1977 (30 U.S.C. 1232).

''(B) USE OF FUNDS.—Any amount transferred under subparagraph (A) for any fiscal year shall be used to provide the health benefits described in subsection (c) with respect to any beneficiary for whom no monthly per beneficiary premium is paid pursuant to paragraph (1)(A) or (3) of subsection (d).

''(4) SPECIAL RULE FOR 1993 PLAN.—

''(A) IN GENERAL.—The plan described in section 402(h)(2)(C) of the Surface Mining Control and Reclamation Act of 1977 (30 U.S.C. 1232(h)(2)(C)) shall include any amount transferred to the plan under subsections (h) and (i) of the Surface Mining Control and Reclamation Act of 1977 (30 U.S.C. 1232).

''(B) USE OF FUNDS.—Any amount transferred under subparagraph (A) for any fiscal year shall be used to provide the health benefits described in section 402(h)(2)(C)(i) of the Surface Mining Control and Reclamation Act of 1977 (30 U.S.C. 1232(h)(2)(C)(i)) to individuals described in section 402(h)(2)(C) of such Act (30 U.S.C. 1232(h)(2)(C)).''.

(2) PREMIUM ADJUSTMENTS.—

(A) IN GENERAL.—Section 9712(d)(1) of such Code (relating to guarantee of benefits) is amended to read as follows:

''(1) IN GENERAL.—All 1988 last signatory operators shall be responsible for financing the benefits described in subsection (c) by meeting the following requirements in accordance with the contribution requirements established in the 1992 UMWA Benefit Plan:

''(A) The payment of a monthly per beneficiary premium by each 1988 last signatory operator for each eligible beneficiary of such operator who is described in subsection (b)(2) and who is receiving benefits under the 1992 UMWA benefit plan.

''(B) The provision of a security (in the form of a bond, letter of credit, or cash escrow) in an amount equal to a portion of the projected future cost to the 1992 UMWA Benefit Plan of providing health benefits for eligible and potentially eligible beneficiaries attributable to the 1988 last signatory operator.

''(C) If the amounts transferred under subsection (a)(3) are less than the amounts required to be transferred to the 1992 UMWA Benefit Plan under subsections (h) and (i) of section 402 of the Surface Mining Control and Reclamation Act of 1977 (30 U.S.C. 1232), the payment of an additional backstop premium by each 1988 last signatory operator which is equal to such operator's share of the amounts required to be so transferred but which were not so transferred, determined on the basis of the number of eligible and potentially eligible beneficiaries attributable to the operator.''.

(B) CONFORMING AMENDMENTS.—Section 9712(d) of such Code is amended—

(i) in paragraph (2)(B), by striking ''prefunding'' and inserting ''backstop'', and

(ii) in paragraph (3), by striking ''paragraph (1)(B)'' and inserting ''paragraph (1)(A)''.

(C) EFFECTIVE DATE.—The amendments made by this paragraph shall apply to fiscal years beginning on or after October 1, 2010.

SEC. 323. OTHER PROVISIONS.

(a) BOARD OF TRUSTEES.—Section 9702(b) of the Internal Revenue Code of 1986 (relating to board of trustees of the Combined Fund) is amended to read as follows:

''(b) BOARD OF TRUSTEES.—

''(1) IN GENERAL.—For purposes of subsection (a), the board of trustees for the Combined Fund shall be appointed as follows:

''(A) 2 individuals who represent employers in the coal mining industry shall be designated by the BCOA;

''(B) 2 individuals designated by the United Mine Workers of America; and

''(C) 3 individuals selected by the individuals appointed under subparagraphs (A) and (B).

''(2) SUCCESSOR TRUSTEES.—Any successor trustee shall be appointed in the same manner as the trustee being succeeded. The plan establishing the Combined Fund shall provide for the removal of trustees.

''(3) SPECIAL RULE.—If the BCOA ceases to exist, any trustee or successor under paragraph (1)(A) shall be designated by the 3 employers who were members of the BCOA on the enactment date and who have been assigned the greatest number of eligible beneficiaries under section 9706.''.

(b) ENFORCEMENT OF OBLIGATIONS.—

(1) FAILURE TO PAY PREMIUMS.—Section 9707(a) of the Internal Revenue Code of 1986 is amended to read as follows:

''(a) FAILURES TO PAY.—

''(1) PREMIUMS FOR ELIGIBLE BENEFICIARIES.—There is hereby imposed a penalty on the failure of any assigned operator to pay any premium required to be paid under section 9704 with respect to any eligible beneficiary.

''(2) CONTRIBUTIONS REQUIRED UNDER THE MINING LAWS.—There is hereby imposed a penalty on the failure of any person to make a contribution required under section 402(h)(5)(B)(ii) of the Surface Mining Control and Reclamation Act of 1977 to a plan referred to in section 402(h)(2)(C) of such Act. For purposes of applying this section, each such required monthly contribution for the hours worked of any individual shall be treated as if it were a premium required to be paid under section 9704 with respect to an eligible beneficiary.''.

(2) CIVIL ENFORCEMENT.—Section 9721 of such Code is amended to read as follows:

''SEC. 9721. CIVIL ENFORCEMENT.

''The provisions of section 4301 of the Employee Retirement Income Security Act of 1974 shall apply, in the same manner as any claim arising out of an obligation to pay withdrawal liability under subtitle E of title IV of such Act, to any claim—

''(1) arising out of an obligation to pay any amount required to be paid by this chapter; or

''(2) arising out of an obligation to pay any amount required by section 402(h)(5)(B)(ii) of the Surface Mining Control and Reclamation Act of 1977 (30 U.S.C. 1232(h)(5)(B)(ii)).''.

Mr. GEORGE MILLER of California (during the reading). Mr. Speaker, I ask unanimous consent that the motion to recommit be considered as read and printed in the RECORD.

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

There was no objection.

The SPEAKER pro tempore. The gentleman is recognized for 5 minutes.

Mr. GEORGE MILLER of California. Mr. Speaker, there has been a lot of discussion and there appears to be almost unanimity in this Congress that we should be raising the minimum wage. But it also is very clear from this discussion that if we proceed with the bill that is before us offered by the majority in this House, that we will not accomplish transferring that legislation into the law of the land, because that legislation has very little chance of passing in the time remaining in this House.

We offer this motion to recommit because in this motion we offer the minimum wage, we offer the extenders that are present in the bill that is before us, and the provisions for coal mining. These are important, they are widely supported in the Congress; we voted on them many times, and they are important for all the reasons people cited here today. But, most importantly, it will allow us to have in effect an up-or-down vote on the minimum wage because it will not have the poison pill of the estate tax, all of the costs, all of the deficit that is created by that legislation. It will not bring that controversy to this chance, the first chance in 9 years to raise the minimum wage for those people working at the federally mandated minimum wage of $5.15 an hour.

We have now seen that many, many Members of this Congress have decided that that is no longer acceptable in this country, that we cannot mandate under Federal law that that is the minimum wage for these people. And so we have an opportunity to change it, but the only real opportunity to change it comes with the motion to recommit, where we can clean this legislation up, we can take the poison pill out, we can take the deficit spending out, we can take the privilege out of this legislation, and we can address the important priorities of this Nation.

That is what we should be doing at this point in this session of this Congress. That is what we should be doing at 5 minutes after 1 o'clock in the morning. We should be addressing the important priorities of this Nation, and we should do it in the manner that ensures, that almost guarantees the opportunity to pass the minimum wage so that these people can help to lift themselves out of poverty, help to be able to provide the wherewithal for their families, and be able to continue in their employment.

We don't have to go the route that the Republicans went with the minimum wage where these people have to wait another 18 months. We don't have to go through this business of taking away the wages from people who earn tips. We don't have to do any of that. We can have a clean minimum wage, we can have clean extenders, clean coal provisions, and we can go about our way and take care of the priorities of this Nation.

Mr. Speaker, I yield to the gentleman from New York.

Mr. RANGEL. I thank the gentleman from California.

For those who have been listening to this debate, you would notice that the Republicans have never talked about one part of this bill. I heard the distinguished chairman of the committee go through all of the things that he requested a ''yes'' for, and he never mentioned the giveaway for the rich in the estate tax repeal.

Everything that he talked about dealt with helping the poor folks get an increase in minimum wage. Well, that is the motion to recommit. I think he mentioned something, other people did, about helping the poor coal miners. That is here. I know he talked about the carefully skilled extension, the tax bills that expire, the extenders for that, and that is in it. And so since he didn't mention the estate tax repeal, a motion to recommit takes it away. And so we can all start reading from the same page and say this is like the Thomas-Rangel bill: it takes care of the poor that are working, the 6 million workers that deserve a pay increase. It takes care of the extenders that are so badly needed that takes care of a lot of kids and tax incentives for disadvantaged workers and school teachers and school renovations. And so it does a lot of these good things.

But how can we refuse to see, pardon the pun, the elephant in the living room? Because it is there, and that elephant is called estate tax repeal. And you can say it any way that you want; if you want to do the good things that are in this bill, package, if you will, you have got to buy that elephant. And we are saying that not all of us are prepared to do it. We can take care of those people who work every day and believe that this Congress should be there for them, not as Republicans, not as Democrats, but the Congress.

These people deserve better than waiting until after midnight and taking their destiny and tying it up with an $800 billion elephant to provide relief for the richest in this country. I urge you to support the motion to recommit tonight.

Mr. THOMAS. Mr. Speaker, I rise in opposition to the motion.

The SPEAKER pro tempore. The gentleman is recognized for 5 minutes.

Mr. THOMAS. Mr. Speaker, speaker after speaker after speaker on the other side of the aisle went in the well. What was the common plea? Give us a clean vote on minimum wage. Just give us a clean vote on minimum wage. You have got 169 pages here. They wrote it. They can't even write a motion to recommit that is a clean vote on the minimum wage. I am offended. And any other Member who is offended, vote ''no'' on the motion to recommit.

Mr. THOMAS. I yield back the balance of my time.

The SPEAKER pro tempore. Without objection, the previous question is ordered on the motion to recommit.

There was no objection.

The SPEAKER pro tempore. The question is on the motion to recommit.

The question was taken; and the Speaker pro tempore announced that the noes appeared to have it.

RECORDED VOTE

Mr. RANGEL. Mr. Speaker, I demand a recorded vote.

A recorded vote was ordered.

The SPEAKER pro tempore. Pursuant to clause 8 and clause 9 of rule XX, this 15-minute vote on the motion to recommit will be followed by 5-minute votes, if ordered, on passage of H.R. 5970, and conference report on S. 250.

The vote was taken by electronic device, and there were—ayes 190, noes 220, not voting 23, as follows:

[Roll No. 424]

AYES—190

Ackerman	Becerra	Blumenauer
Allen	Berkley	Boswell
Andrews	Berman	Boucher
Baird	Berry	Boyd
Baldwin	Bishop (GA)	Brady (PA)
Bean	Bishop (NY)	Brown (OH)

Brown, Corrine
Butterfield
Capps
Capuano
Cardin
Cardoza
Carnahan
Carson
Case
Chandler
Clay
Cleaver
Clyburn
Conyers
Cooper
Costa
Costello
Crowley
Cuellar
Cummings
Davis (AL)
Davis (CA)
Davis (FL)
Davis (IL)
Davis (TN)
DeFazio
DeGette
Delahunt
DeLauro
Dicks
Dingell
Doggett
Doyle
Emanuel
Engel
Eshoo
Etheridge
Farr
Fattah
Filner
Ford
Frank (MA)
Gonzalez
Gordon
Green, Al
Green, Gene
Grijalva
Gutierrez
Harman
Hastings (FL)
Herseth
Higgins
Hinchey
Hinojosa
Holden
Holt
Honda
Hooley
Hoyer
Inslee
Israel
Jackson (IL)
Jackson-Lee (TX)
Jefferson
Johnson, E. B.
Jones (OH)
Kanjorski
Kaptur
Kennedy (RI)
Kildee
Kilpatrick (MI)
Kind
Kucinich
Langevin
Lantos
Larsen (WA)
Larson (CT)
Lee
Levin
Lipinski
Lofgren, Zoe
Lowey
Lynch
Maloney
Markey
Marshall
Matsui
McCarthy
McCollum (MN)
McDermott
McGovern
McIntyre
McNulty
Meek (FL)
Meeks (NY)
Melancon
Michaud
Millender-McDonald
Miller (NC)
Miller, George
Mollohan
Moore (KS)
Moore (WI)
Moran (VA)
Murtha
Nadler
Napolitano
Neal (MA)
Ney
Oberstar
Obey
Olver
Ortiz
Owens
Pallone
Pascrell
Pastor
Pelosi
Peterson (MN)
Pomeroy
Price (NC)
Rahall
Rangel
Reyes
Ross
Rothman
Roybal-Allard
Ruppersberger
Rush
Ryan (OH)
Sabo
Sánchez, Linda T.
Sanchez, Loretta
Sanders
Schakowsky
Schiff
Schwartz (PA)
Scott (GA)
Scott (VA)
Serrano
Sherman
Skelton
Slaughter
Smith (WA)
Snyder
Solis
Spratt
Strickland
Stupak
Tanner
Tauscher
Taylor (MS)
Thompson (CA)
Thompson (MS)
Tierney
Towns
Udall (CO)
Udall (NM)
Van Hollen
Velázquez
Visclosky
Wasserman Schultz
Waters
Watson
Watt
Waxman
Weiner
Wexler
Wilson (NM)
Woolsey
Wu
Wynn

NOES—220

Abercrombie
Aderholt
Akin
Alexander
Bachus
Barrett (SC)
Barrow
Bartlett (MD)
Barton (TX)
Bass
Beauprez
Biggert
Bilbray
Bishop (UT)
Blackburn
Blunt
Boehner
Bonilla
Bonner
Bono
Boozman
Boren
Boustany
Bradley (NH)
Brady (TX)
Brown (SC)
Brown-Waite, Ginny
Burgess
Burton (IN)
Calvert
Camp (MI)
Campbell (CA)
Cannon
Cantor
Capito
Carter
Castle
Chabot
Chocola
Cole (OK)
Conaway
Cramer
Crenshaw
Cubin
Culberson
Davis (KY)
Davis, Tom
Dent
Diaz-Balart, L.
Diaz-Balart, M.
Doolittle
Drake
Dreier
Duncan
Edwards
Ehlers
Emerson
English (PA)
Everett
Feeney
Ferguson
Fitzpatrick (PA)
Flake
Foley
Forbes
Fortenberry
Fossella
Foxx
Franks (AZ)
Frelinghuysen
Gallegly
Garrett (NJ)
Gerlach
Gibbons
Gilchrest
Gillmor
Gingrey
Goode
Goodlatte
Graves
Green (WI)
Gutknecht
Hall
Harris
Hart
Hastert
Hastings (WA)
Hayes
Hayworth
Hefley
Hensarling
Herger
Hobson
Hoekstra
Hostettler
Hulshof
Hunter
Hyde
Inglis (SC)
Issa
Jenkins
Jindal
Johnson (CT)
Johnson (IL)
Johnson, Sam
Keller
Kelly
Kennedy (MN)
King (IA)
King (NY)
Kingston
Kirk
Kline
Knollenberg
Kolbe
Kuhl (NY)
LaHood
Latham
LaTourette
Leach
Lewis (CA)
Lewis (KY)
LoBiondo
Lucas
Lungren, Daniel E.
Mack
Manzullo
Marchant
Matheson
McCaul (TX)
McCotter
McCrery
McHenry
McHugh
McKeon
McMorris
Mica
Miller (FL)
Miller (MI)
Miller, Gary
Moran (KS)
Murphy
Musgrave
Myrick
Neugebauer
Norwood
Nunes
Nussle
Osborne
Otter
Paul
Pearce
Pence
Peterson (PA)
Petri
Pickering
Pitts
Platts
Poe
Pombo
Porter
Price (GA)
Pryce (OH)
Putnam
Radanovich
Ramstad
Regula
Rehberg
Reichert
Renzi
Reynolds
Rogers (AL)
Rogers (KY)
Rogers (MI)
Rohrabacher
Ros-Lehtinen
Royce
Ryan (WI)
Ryun (KS)
Saxton
Schmidt
Schwarz (MI)
Sensenbrenner
Sessions
Shadegg
Shaw
Shays
Sherwood
Shimkus
Shuster
Simmons
Simpson
Smith (NJ)
Smith (TX)
Sodrel
Souder
Stearns
Sullivan
Sweeney
Tancredo
Taylor (NC)
Terry
Thomas
Thornberry
Tiahrt
Tiberi
Turner
Upton
Walsh
Wamp
Weldon (FL)
Weldon (PA)
Weller
Westmoreland
Whitfield
Wicker
Wilson (SC)
Wolf
Young (AK)
Young (FL)

NOT VOTING—23

Baca
Baker
Bilirakis
Boehlert
Buyer
Coble
Davis, Jo Ann
Deal (GA)
Evans
Gohmert
Granger
Istook
Jones (NC)
Lewis (GA)
Linder
McKinney
Meehan
Northup
Oxley
Payne
Salazar
Stark
Walden (OR)

□ 0130

Mr. REICHERT, Mr. BOREN, Ms. PRYCE of Ohio, and Mr. CRAMER changed their vote from ''aye'' to ''no.''

So the motion to recommit was rejected.

The result of the vote was announced as above recorded.

PERSONAL EXPLANATION

Mr. BILIRAKIS. Mr. Speaker, I was absent from votes today, July 28, 2006, due to family obligations in Florida for my niece's wedding. As a result, I was not recorded for a series of votes. Had I been present, I would have voted "yea" on rollcall votes 418, 419, 420, 422, 423, 425, and 426.

On rollcall votes 421 and 424, I would have voted "nay."

The SPEAKER pro tempore. The question is on the passage of the bill.

The question was taken; and the Speaker pro tempore announced that the ayes appeared to have it.

RECORDED VOTE

Mr. RANGEL. Mr. Speaker, I demand a recorded vote.

A recorded vote was ordered.

The SPEAKER pro tempore. This will be a 5-minute vote.

The vote was taken by electronic device, and there were—ayes 230, noes 180, answered ''present'' 1, not voting 22, as follows:

[Roll No. 425]

AYES—230

Abercrombie
Aderholt
Akin
Alexander
Bachus
Barrow
Bartlett (MD)
Bass
Bean
Beauprez
Berkley
Berry
Biggert
Bilbray
Bishop (UT)
Blackburn
Blunt
Boehner
Bonner
Bono
Boozman
Boren
Boswell
Boucher
Boustany
Boyd
Brown (OH)
Brown (SC)
Brown-Waite, Ginny
Burgess
Burton (IN)
Calvert
Camp (MI)
Campbell (CA)
Cannon
Capito
Carter
Case
Castle
Chabot
Chandler
Chocola
Cole (OK)
Conaway
Cramer
Crenshaw
Cubin
Cuellar
Davis (KY)
Davis (TN)
Davis, Tom
Dent
Diaz-Balart, L.
Diaz-Balart, M.
Doolittle
Drake
Dreier
Duncan
Edwards
Ehlers
Emerson
English (PA)
Everett
Ferguson
Fitzpatrick (PA)
Foley
Forbes
Ford
Fortenberry
Fossella
Foxx
Franks (AZ)
Frelinghuysen
Gallegly
Gerlach
Gibbons
Gilchrest
Gillmor
Gingrey
Goode
Goodlatte
Gordon
Graves
Green (WI)
Gutknecht
Hall
Harris
Hart
Hastert
Hastings (WA)
Hayes
Hayworth
Hefley
Herger
Herseth
Hobson
Hoekstra
Hulshof
Hunter
Hyde
Inglis (SC)
Issa
Jefferson
Jenkins
Jindal
Johnson (CT)
Johnson (IL)
Johnson, Sam
Keller
Kelly
Kennedy (MN)
King (NY)
Kirk
Kline
Knollenberg
Kolbe
Kuhl (NY)
LaHood
Latham
LaTourette
Leach
Lewis (CA)
Lewis (KY)
LoBiondo
Lucas
Lungren, Daniel E.
Manzullo
Marchant
Marshall
Matheson
McCaul (TX)
McCotter
McCrery
McHugh
McIntyre
McKeon
McMorris
Melancon
Mica
Miller (FL)
Miller (MI)
Miller, Gary
Mollohan
Moore (KS)
Moran (KS)
Murphy
Musgrave
Myrick
Neugebauer
Ney
Norwood
Nunes
Nussle
Osborne
Otter
Pearce
Peterson (MN)
Peterson (PA)
Petri
Pickering
Pitts
Platts
Poe
Pombo
Porter
Price (GA)
Pryce (OH)
Putnam
Radanovich
Rahall
Ramstad
Regula
Rehberg
Reichert
Renzi
Reynolds
Rogers (AL)
Rogers (KY)
Rogers (MI)
Rohrabacher
Ros-Lehtinen
Ross
Royce
Rush
Ryan (WI)
Ryun (KS)
Saxton
Schmidt
Schwarz (MI)
Sensenbrenner
Sessions
Shadegg
Shaw
Shays
Sherwood
Shimkus
Shuster
Simmons
Simpson
Smith (NJ)
Smith (TX)
Sodrel
Souder
Stearns
Strickland
Sullivan
Sweeney
Tanner
Taylor (NC)
Terry
Thomas
Tiberi
Towns
Turner
Upton
Walden (OR)
Walsh
Wamp
Weldon (FL)
Weldon (PA)
Weller
Westmoreland
Whitfield
Wicker
Wilson (NM)
Wilson (SC)
Wolf
Wu
Young (AK)
Young (FL)

NOES—180

Ackerman
Allen
Andrews
Baldwin
Barrett (SC)
Barton (TX)
Becerra
Berman
Bishop (GA)
Bishop (NY)
Blumenauer
Bonilla
Bradley (NH)
Brady (PA)
Brady (TX)
Brown, Corrine
Butterfield
Cantor
Capps
Capuano
Cardin
Cardoza
Carnahan
Carson
Clay
Cleaver
Clyburn
Conyers
Cooper
Costa
Costello
Crowley
Culberson
Cummings
Davis (AL)
Davis (CA)
Davis (FL)
Davis (IL)
DeFazio
DeGette
Delahunt
DeLauro
Dicks
Dingell
Doggett
Doyle
Emanuel
Engel
Eshoo
Etheridge
Farr
Fattah
Feeney
Filner
Flake
Frank (MA)
Garrett (NJ)
Gonzalez
Green, Al
Green, Gene
Grijalva
Gutierrez
Harman
Hastings (FL)
Hensarling
Higgins

Hinchey
Hinojosa
Holden
Holt
Honda
Hooley
Hostettler
Hoyer
Inslee
Israel
Jackson (IL)
Jackson-Lee (TX)
Johnson, E. B.
Jones (OH)
Kanjorski
Kaptur
Kennedy (RI)
Kildee
Kilpatrick (MI)
Kind
King (IA)
Kingston
Kucinich
Langevin
Lantos
Larsen (WA)
Larson (CT)
Lee
Levin
Lipinski
Lofgren, Zoe
Lowey
Lynch
Mack
Maloney
Markey
Matsui
McCarthy
McCollum (MN)
McDermott
McGovern
McHenry
McNulty
Meek (FL)
Meeks (NY)
Michaud
Millender-McDonald
Miller (NC)
Miller, George
Moore (WI)
Moran (VA)
Murtha
Nadler
Napolitano
Neal (MA)
Oberstar
Obey
Olver
Ortiz
Owens
Pallone
Pascrell
Pastor
Paul
Pelosi
Pence
Pomeroy
Price (NC)
Rangel
Reyes
Rothman
Roybal-Allard
Ruppersberger
Ryan (OH)
Sabo
Sánchez, Linda T.
Sanchez, Loretta
Sanders
Schakowsky
Schiff
Schwartz (PA)
Scott (GA)
Scott (VA)
Serrano
Sherman
Skelton
Slaughter
Smith (WA)
Snyder
Solis
Spratt
Stupak
Tancredo
Tauscher
Taylor (MS)
Thompson (CA)
Thompson (MS)
Thornberry
Tiahrt
Tierney
Udall (CO)
Udall (NM)
Van Hollen
Velázquez
Visclosky
Wasserman Schultz
Waters
Watson
Watt
Waxman
Weiner
Wexler
Woolsey
Wynn

ANSWERED ''PRESENT''—1

Baird

NOT VOTING—22

Baca
Baker
Bilirakis
Boehlert
Buyer
Coble
Davis, Jo Ann
Deal (GA)
Evans
Gohmert
Granger
Istook
Jones (NC)
Lewis (GA)
Linder
McKinney
Meehan
Northup
Oxley
Payne
Salazar
Stark

ANNOUNCEMENT BY THE SPEAKER PRO TEMPORE

The SPEAKER pro tempore (during the vote). Members are advised there are 2 minutes remaining in this vote.

□ 0141

So the bill was passed.

The result of the vote was announced as above recorded.

A motion to reconsider was laid on the table.

CONFERENCE REPORT ON S. 250, CARL D. PERKINS CAREER AND TECHNICAL EDUCATION IMPROVEMENT ACT OF 2006

The SPEAKER pro tempore. The unfinished business is the de novo vote on the adoption of the conference report to accompany the Senate bill, S. 250.

The Clerk read the title of the Senate bill.

The SPEAKER pro tempore. The question is on the conference report.

The question was taken; and the Speaker pro tempore announced that the ayes appeared to have it.

RECORDED VOTE

Mr. MCKEON. Mr. Speaker, I demand a recorded vote.

A recorded vote was ordered.

The SPEAKER pro tempore. This will be a 5-minute vote.

The vote was taken by electronic device, and there were—ayes 399, noes 1, not voting 32, as follows:

[Roll No. 426]

AYES—399

Abercrombie
Ackerman
Aderholt
Akin
Alexander
Allen
Andrews
Bachus
Baird
Baldwin
Barrett (SC)
Barrow
Bartlett (MD)
Barton (TX)
Bass
Bean
Beauprez
Becerra
Berkley
Berman
Berry
Biggert
Bilbray
Bishop (GA)
Bishop (NY)
Bishop (UT)
Blackburn
Blumenauer
Blunt
Boehner
Bonilla
Bonner
Bono
Boozman
Boren
Boswell
Boucher
Boustany
Boyd
Bradley (NH)
Brady (PA)
Brady (TX)
Brown (OH)
Brown (SC)
Brown, Corrine
Brown-Waite, Ginny
Burgess
Burton (IN)
Butterfield
Calvert
Camp (MI)
Campbell (CA)
Cannon
Cantor
Capito
Capps
Capuano
Cardin
Cardoza
Carnahan
Carson
Carter
Case
Castle
Chabot
Chocola
Clay
Cleaver
Clyburn
Cole (OK)
Conaway
Conyers
Cooper
Costa
Costello
Cramer
Crenshaw
Crowley
Cubin
Cuellar
Culberson
Cummings
Davis (AL)
Davis (CA)
Davis (FL)
Davis (IL)
Davis (KY)
Davis (TN)
Davis, Tom
DeFazio
DeGette
Delahunt
DeLauro
Dent
Diaz-Balart, L.
Diaz-Balart, M.
Dicks
Dingell
Doggett
Doolittle
Doyle
Drake
Dreier
Duncan
Edwards
Ehlers
Emanuel
Emerson
Engel
English (PA)
Eshoo
Etheridge
Everett
Farr
Fattah
Feeney
Ferguson
Filner
Fitzpatrick (PA)
Foley
Forbes
Fortenberry
Fossella
Foxx
Franks (AZ)
Frelinghuysen
Gallegly
Garrett (NJ)
Gerlach
Gibbons
Gilchrest
Gillmor
Gingrey
Gonzalez
Goode
Goodlatte
Gordon
Graves
Green (WI)
Green, Al
Green, Gene
Grijalva
Gutknecht
Hall
Harman
Harris
Hart
Hastings (FL)
Hastings (WA)
Hayes
Hayworth
Hensarling
Herger
Herseth
Higgins
Hinchey
Hinojosa
Hobson
Hoekstra
Holden
Holt
Honda
Hooley
Hostettler
Hoyer
Hulshof
Hunter
Hyde
Inglis (SC)
Inslee
Israel
Issa
Jackson (IL)
Jackson-Lee (TX)
Jefferson
Jenkins
Jindal
Johnson (CT)
Johnson (IL)
Johnson, E. B.
Johnson, Sam
Jones (OH)
Kanjorski
Kaptur
Keller
Kelly
Kennedy (MN)
Kennedy (RI)
Kildee
Kilpatrick (MI)
Kind
King (IA)
King (NY)
Kingston
Kirk
Kline
Knollenberg
Kolbe
Kucinich
Kuhl (NY)
LaHood
Langevin
Lantos
Larsen (WA)
Larson (CT)
Latham
LaTourette
Leach
Lee
Levin
Lewis (CA)
Lewis (KY)
Lipinski
LoBiondo
Lofgren, Zoe
Lowey
Lucas
Lungren, Daniel E.
Lynch
Mack
Maloney
Manzullo
Marchant
Markey
Marshall
Matheson
Matsui
McCarthy
McCaul (TX)
McCollum (MN)
McCotter
McCrery
McDermott
McGovern
McHenry
McHugh
McIntyre
McKeon
McMorris
McNulty
Meek (FL)
Meeks (NY)
Melancon
Mica
Michaud
Millender-McDonald
Miller (FL)
Miller (MI)
Miller (NC)
Miller, Gary
Miller, George
Mollohan
Moore (KS)
Moore (WI)
Moran (KS)
Moran (VA)
Murphy
Musgrave
Myrick
Nadler
Napolitano
Neal (MA)
Neugebauer
Ney
Nunes
Nussle
Oberstar
Obey
Olver
Ortiz
Osborne
Otter
Owens
Pallone
Pascrell
Pastor
Pearce
Pelosi
Pence
Peterson (MN)
Peterson (PA)
Petri
Pickering
Pitts
Platts
Poe
Pombo
Pomeroy
Porter
Price (GA)
Price (NC)
Pryce (OH)
Putnam
Radanovich
Rahall
Ramstad
Rangel
Regula
Rehberg
Reichert
Renzi
Reyes
Reynolds
Rogers (AL)
Rogers (KY)
Rogers (MI)
Rohrabacher
Ros-Lehtinen
Ross
Rothman
Roybal-Allard
Royce
Ruppersberger
Rush
Ryan (OH)
Ryan (WI)
Ryun (KS)
Sabo
Sánchez, Linda T.
Sanchez, Loretta
Sanders
Saxton
Schakowsky
Schiff
Schmidt
Schwartz (PA)
Schwarz (MI)
Scott (GA)
Scott (VA)
Sensenbrenner
Serrano
Sessions
Shadegg
Shaw
Shays
Sherman
Sherwood
Shimkus
Shuster
Simmons
Simpson
Skelton
Smith (NJ)
Smith (TX)
Snyder
Sodrel
Solis
Souder
Spratt
Stearns
Strickland
Stupak
Sullivan
Sweeney
Tancredo
Tanner
Tauscher
Taylor (MS)
Taylor (NC)
Terry
Thomas
Thompson (CA)
Thompson (MS)
Thornberry
Tiahrt
Tiberi
Tierney
Towns
Turner
Udall (CO)
Udall (NM)
Upton
Van Hollen
Velázquez
Visclosky
Walden (OR)
Walsh
Wamp
Wasserman Schultz
Waters
Watson
Watt
Waxman
Weiner
Weldon (FL)
Weldon (PA)
Weller
Westmoreland
Wexler
Whitfield
Wicker
Wilson (NM)
Wilson (SC)
Wolf
Woolsey
Wu
Wynn
Young (AK)
Young (FL)

NOES—1

Flake

NOT VOTING—32

Baca
Baker
Bilirakis
Boehlert
Buyer
Chandler
Coble
Davis, Jo Ann
Deal (GA)
Evans
Ford
Frank (MA)
Gohmert
Granger
Gutierrez
Hefley
Istook
Jones (NC)
Lewis (GA)
Linder
McKinney
Meehan
Murtha
Northup
Norwood
Oxley
Paul
Payne
Salazar
Slaughter
Smith (WA)
Stark

ANNOUNCEMENT BY THE SPEAKER PRO TEMPORE

The SPEAKER pro tempore (during the vote). Members are advised that 2 minutes remain in this vote.

□ 0148

So the conference report was agreed to.

The result of the vote was announced as above recorded.

A motion to reconsider was laid on the table.

GENERAL LEAVE

Mr. THOMAS. Mr. Speaker, I ask unanimous consent that all Members have 5 legislative days in which to revise and extend their remarks and include extraneous material on the subject of the bill, H.R. 5970.

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

There was no objection.

REMOVAL OF NAME OF MEMBER AS COSPONSOR OF H.R. 65

Mr. GERLACH. Mr. Speaker, I ask unanimous consent to have my name removed as cosponsor of H.R. 65.

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

There was no objection.

MAKING TECHNICAL CORRECTIONS TO VIOLENCE AGAINST WOMEN AND DEPARTMENT OF JUSTICE REAUTHORIZATION ACT OF 2005

Mr. CANNON. Mr. Speaker, I ask unanimous consent to take from the Speaker's table the Senate bill (S. 3693) to make technical corrections to the Violence Against Women and Department of Justice Reauthorization Act of 2005, and ask for its immediate consideration in the House.

The Clerk read the title of the Senate bill.

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

There was no objection.

The Clerk read the Senate bill, as follows:

S. 3693

Be it enacted by the Senate and House of Representatives of the United States of America in Congress assembled,

SECTION 1. UNIVERSAL GRANT CONDITIONS AND DEFINITIONS OF THE VIOLENCE AGAINST WOMEN ACT OF 2005.

(a) SHORT TITLE.—Section 1 of the Violence Against Women and Department of Justice Reauthorization Act of 2005 is amended by—

(1) inserting ''(a) IN GENERAL'' before ''This''; and

(2) adding at the end the following:

''(b) SEPARATE SHORT TITLES.—Section 3 and titles I through IX of this Act may be cited as the 'Violence Against Women Reauthorization Act of 2005'. Title XI of this Act may be cited as the 'Department of Justice Appropriations Authorization Act of 2005'.''.

(b) CLARIFY EFFECTIVE DATES.—The Violence Against Women Act and Department of Justice Reauthorization Act of 2005 (Public Law 109–162) is amended by adding after section 3 the following new section:

''SEC. 4. EFFECTIVE DATE OF SPECIFIC SECTIONS.

''Notwithstanding any other provision of this Act or any other law, sections 101, 102 (except the amendment to section 2101(d) of the Omnibus Crime Control and Safe Streets Act of 1968 included in that section), 103, 121, 203, 204, 205, 304, 306, 602, 906, and 907 of this Act shall not take effect until the beginning of fiscal year 2007.''.

(c) ENSURE COMPREHENSIVE DEFINITIONAL SECTION.—

(1) CRIMES ON CAMPUSES.—Section 304 of the Violence Against Women and Department of Justice Reauthorization Act of 2005 (Public Law 109–162) is amended by adding at the end the following:

''(g) DEFINITIONS AND GRANT CONDITIONS.—In this section the definitions and grant conditions in section 40002 of the Violence Against Women Act of 1994 shall apply.''.

(2) OUTREACH TO UNDERSERVED POPULATIONS.—Section 120 of the Violence Against Women and Department of Justice Reauthorization Act of 2005 (Public Law 109–162) is amended by adding at the end the following:

''(i) DEFINITIONS AND GRANT CONDITIONS.—In this section the definitions and grant conditions in section 40002 of the Violence Against Women Act of 1994 shall apply.''.

(3) CULTURAL SERVICES.—Section 121 of the Violence Against Women and Department of Justice Reauthorization Act of 2005 (Public Law 109–162) is amended by adding at the end the following:

''(h) DEFINITIONS AND GRANT CONDITIONS.—In this section the definitions and grant conditions in section 40002 of the Violence Against Women Act of 1994 shall apply.''.

(d) CORRECT DEFINITION OF SEXUAL ASSAULT.—Section 40002(a)(23) of the Violence Against Women Act of 1994, as added by section 3 of the Violence Against Women and Department of Justice Reauthorization Act of 2005 (Public Law 109–162), is amended by striking ''prescribed'' and inserting ''proscribed''.

(e) TRIBAL DEFINITIONS.—Section 40002(a) of the Violence Against Women Act of 1994, as added by section 3 of the Violence Against Women and Department of Justice Reauthorization Act of 2005 (Public Law 109–162), is amended—

(1) in paragraph (1), by striking ''Alaskan'' and inserting ''Alaska Native'';

(2) by redesignating paragraphs (31) through (36) as paragraphs (32) through (37), respectively; and

(3) by adding after paragraph (30) the following:

''(31) TRIBAL NONPROFIT ORGANIZATION.—The term 'tribal nonprofit organization' means—

''(A) a victim services provider that has as its primary purpose to assist Native victims of domestic violence, dating violence, sexual assault, or stalking; and

''(B) staff and leadership of the organization must include persons with a demonstrated history of assisting American Indian or Alaska Native victims of domestic violence, dating violence, sexual assault, or stalking.''.

(f) CLARIFY MATCHING PROVISION IN THE UNIVERSAL GRANT CONDITION.—Section 40002(b) of the Violence Against Women Act of 1994, as added by section 3 of the Violence Against Women and Department of Justice Reauthorization Act of 2005 (Public Law 109–162), is amended by striking paragraph (1) and inserting the following:

''(1) MATCH.—No matching funds shall be required for any grant or subgrant made under this Act for—

''(A) any tribe, territory, or victim service provider; or

''(B) any other entity, including a State, that—

''(i) petitions for a waiver of any match condition imposed by the Attorney General or the Secretaries of Health and Human Services or Housing and Urban Development; and

''(ii) whose petition for waiver is determined by the Attorney General or the Secretaries of Health and Human Services or Housing and Urban Development to have adequately demonstrated the financial need of the petitioning entity.''.

SEC. 2. TITLE I—LAW ENFORCEMENT TOOLS.

(a) DUPLICATE PROVISION.—Title I of the Violence Against Women Act of 2005 (Public Law 109–162) is amended by striking section 108.

(b) AUTHORIZATION PERIOD.—Section 1167 of the Violence Against Women Act of 2005 is amended by striking ''2006 through 2010'' and inserting ''2007 through 2011''.

(c) DEFINITION OF SPOUSE OF INTIMATE PARTNER.—Section 2266(7)(A) of title 18, United States Code, is amended by striking clause (ii) and inserting the following:

''(ii) section 2261A—

''(I) a spouse or former spouse of the target of the stalking, a person who shares a child in common with the target of the stalking, and a person who cohabits or has cohabited as a spouse with the target of the stalking; or

''(II) a person who is or has been in a social relationship of a romantic or intimate nature with the target of the stalking, as determined by the length of the relationship, the type of the relationship, and the frequency of interaction between the persons involved in the relationship.''.

(d) STRIKE REPEATED SECTIONS.—The Violence Against Women and Department of Justice Reauthorization Act of 2005 is amended by striking sections 1134 and 1135.

(e) CONDITIONS ON TECHNICAL ASSISTANCE.—Section 40002(b)(11) of the Violence Against Women Act of 1994 is amended by inserting before ''If there'' the following: ''Of the total amounts appropriated under this title, not less than 3 percent and up to 8 percent, unless otherwise noted, shall be available for providing training and technical assistance relating to the purposes of this title to improve the capacity of the grantees, subgrantees, and other entities.''.

(f) REMOVE THE TECHNICAL ASSISTANCE PROVISION IN STOP AND GRANTS TO ENCOURAGE ARREST.—The Omnibus Crime Control and Safe Streets Act of 1968 is amended—

(1) in section 2007, by striking subsection (i), as added by section 101 of the Violence Against Women and Department of Justice Reauthorization Act of 2005; and

(2) by striking section 2106, as added by section 102 of the Violence Against Women and Department of Justice Reauthorization Act of 2005.

(g) CORRECT STOP GRANT ALLOCATION.—Section 2007 (b)(2) of the Omnibus Crime Control and Safe Streets Act of 1968 (42 U.S.C. 3796gg–1), as amended by section 101 of the Violence Against Women and Department of Justice Reauthorization Act of 2005, is amended by striking ''and the coalitions for combined Territories of the United States'' and inserting ''the coalition for Guam, the coalition for American Samoa, the coalition for the United States Virgin Islands, and the coalition for the Commonwealth of the Northern Mariana Islands.''.

(h) UNDERSERVED POPULATIONS REPORT.—Section 120(g) of the Violence Against Women and Department of Justice Reauthorization Act of 2005 is amended by striking '', every 18 months,''.

(i) CORRECT DEFINITION OF DATING PARTNER.—Section 2266(10) of title 18, United States Code, as amended by section 116 of the Violence Against Women and Department of Justice Reauthorization Act of 2005, is further amended by striking ''and the existence of such a relationship'' and inserting ''. The existence of such a relationship is''.

(j) ALTER COMPLIANCE TIME FOR FORENSIC EXAM CERTIFICATION.—Section 2010(d) of the Omnibus Crime Control and Safe Streets Act of 1968 (42 U.S.C. 3796gg–4(d)) as added by section 101 of the Violence Against Women and Department of Justice Reauthorization Act of 2005, is amended by—

(1) striking ''Nothing'' and inserting ''(1) IN GENERAL.—''; and

(2) inserting at the end the following:

''(2) COMPLIANCE PERIOD.—States, territories, and Indian tribal governments shall have 3 years from the date of enactment of the Violence Against Women and Department of Justice Reauthorization Act of 2005 to come into compliance with this subsection.''.

(k) CORRECT UNDERSERVED POPULATIONS GRANT PROGRAM.—Section 121 of the Violence Against Women and Department of Justice Reauthorization Act of 2005 (Public Law 109–162) is amended—

(1) in subsection (a)(1), by inserting at the end the following : ''The requirements of the grant programs identified in paragraph (2) shall not apply to this new grant program.''; and

(2) in subsection (b)(2) by striking the period and inserting '', including—

''(A) working with State and local governments and social service agencies to develop and enhance effective strategies to provide culturally and linguistically specific services

to victims of domestic violence, dating violence, sexual assault, and stalking;

''(B) increasing communities' capacity to provide culturally and linguistically specific resources and support for victims of domestic violence, dating violence, sexual assault, and stalking crimes and their families;

''(C) strengthening criminal justice interventions, by providing training for law enforcement, prosecution, courts, probation, and correctional facilities on culturally and linguistically specific responses to domestic violence, dating violence, sexual assault, and stalking;

''(D) enhancing traditional services to victims of domestic violence, dating violence, sexual assault, and stalking through the leadership of culturally and linguistically specific programs offering services to victims of domestic violence, dating violence, sexual assault, and stalking;

''(E) working in cooperation with the community to develop education and prevention strategies highlighting culturally and linguistically specific issues and resources regarding victims of domestic violence, dating violence, sexual assault, and stalking;

''(F) providing culturally and linguistically specific programs for children exposed to domestic violence, dating violence, sexual assault, and stalking;

''(G) providing culturally and linguistically specific resources and services that address the safety, economic, housing, and workplace needs of victims of domestic violence, dating violence, sexual assault, or stalking, including emergency assistance; or

''(H) examining the dynamics of culture and its impact on victimization and healing.''.

(l) FIX ALLOCATION ISSUE IN STOP GRANTS.—Subparagraphs (A) and (B) of section 2007(c)(3) of title I of the Omnibus Crime Control and Safe Streets Act of 1968 (42 U.S.C. 3796gg–1(c)(3) (A) and (B)) are amended to read as follows:

''(A) not less than 25 percent shall be allocated for law enforcement and not less than 25 percent shall be allocated for prosecutors;

''(B) not less than 30 percent shall be allocated for victims services of which at least 10 percent shall be distributed to culturally specific community-based organizations; and''.

(m) CORRECT GAO STUDY.—Section 119(a) of the Violence Against Women and Department of Justice Reauthorization Act of 2005 (Public Law 109–162) is amended by striking ''of domestic violence.'' and inserting ''of these respective crimes.''

(n) PROTECTION ORDER CORRECTION.—Section 106(c) of the Violence Against Women and Department of Justice Reauthorization Act of 2005 (Public Law 109–162) is amended by striking ''the registration or filing of a protection order'' and inserting ''the registration, filing of a petition for, or issuance of a protection order, restraining order or injunction.''

SEC. 3. TITLE II—IMPROVED SERVICES.

(a) SEXUAL ASSAULT SERVICES INTO VAWA.—Section 202 of the Violence Against Women and Department of Justice Reauthorization Act of 2005 (Public Law 109–162) is repealed.

(b) SEXUAL ASSAULT SERVICES PROGRAM.—The Violence Against Women Act of 1994 (Public Law 103–322) is amended by adding at the end the following:

''Subtitle P—Sexual Assault Services

''SEC. 41601. SEXUAL ASSAULT SERVICES PROGRAM.

''(a) PURPOSES.—The purposes of this section are—

''(1) to assist States, Indian tribes, and territories in providing intervention, advocacy, accompaniment, support services, and related assistance for—

''(A) adult, youth, and child victims of sexual assault;

''(B) family and household members of such victims; and

''(C) those collaterally affected by the victimization, except for the perpetrator of such victimization; and

''(2) to provide for technical assistance and training relating to sexual assault to—

''(A) Federal, State, tribal, territorial and local governments, law enforcement agencies, and courts;

''(B) professionals working in legal, social service, and health care settings;

''(C) nonprofit organizations;

''(D) faith-based organizations; and

''(E) other individuals and organizations seeking such assistance.

''(b) GRANTS TO STATES AND TERRITORIES.—

''(1) GRANTS AUTHORIZED.—The Attorney General shall award grants to States and territories to support the establishment, maintenance, and expansion of rape crisis centers and other programs and projects to assist those victimized by sexual assault.

''(2) ALLOCATION AND USE OF FUNDS.—

''(A) ADMINISTRATIVE COSTS.—Not more than 5 percent of the grant funds received by a State or territory governmental agency under this subsection for any fiscal year may be used for administrative costs.

''(B) GRANT FUNDS.—Any funds received by a State or territory under this subsection that are not used for administrative costs shall be used to provide grants to rape crisis centers and other nonprofit, nongovernmental organizations for programs and activities within such State or territory that provide direct intervention and related assistance.

''(C) INTERVENTION AND RELATED ASSISTANCE.—Intervention and related assistance under subparagraph (B) may include—

''(i) 24-hour hotline services providing crisis intervention services and referral;

''(ii) accompaniment and advocacy through medical, criminal justice, and social support systems, including medical facilities, police, and court proceedings;

''(iii) crisis intervention, short-term individual and group support services, and comprehensive service coordination and supervision to assist sexual assault victims and family or household members;

''(iv) information and referral to assist the sexual assault victim and family or household members;

''(v) community-based, linguistically and culturally specific services and support mechanisms, including outreach activities for underserved communities; and

''(vi) the development and distribution of materials on issues related to the services described in clauses (i) through (v).

''(3) APPLICATION.—

''(A) IN GENERAL.—Each eligible entity desiring a grant under this subsection shall submit an application to the Attorney General at such time and in such manner as the Attorney General may reasonably require.

''(B) CONTENTS.—Each application submitted under subparagraph (A) shall—

''(i) set forth procedures designed to ensure meaningful involvement of the State or territorial sexual assault coalition and representatives from underserved communities in the development of the application and the implementation of the plans;

''(ii) set forth procedures designed to ensure an equitable distribution of grants and grant funds within the State or territory and between urban and rural areas within such State or territory;

''(iii) identify the State or territorial agency that is responsible for the administration of programs and activities; and

''(iv) meet other such requirements as the Attorney General reasonably determines are necessary to carry out the purposes and provisions of this section.

''(4) MINIMUM AMOUNT.—The Attorney General shall allocate to each State not less than 1.50 percent of the total amount appropriated in a fiscal year for grants under this section, except that the United States Virgin Islands, American Samoa, Guam, the District of Columbia, Puerto Rico, and the Commonwealth of the Northern Mariana Islands shall each be allocated 0.125 percent of the total appropriations. The remaining funds shall be allotted to each State and each territory in an amount that bears the same ratio to such remaining funds as the population of such State and such territory bears to the population of all the States and the territories. The District of Columbia shall be treated as a territory for purposes of calculating its allocation under the preceding formula.

''(c) GRANTS FOR CULTURALLY SPECIFIC PROGRAMS ADDRESSING SEXUAL ASSAULT.—

''(1) GRANTS AUTHORIZED.—The Attorney General shall award grants to eligible entities to support the establishment, maintenance, and expansion of culturally specific intervention and related assistance for victims of sexual assault.

''(2) ELIGIBLE ENTITIES.—To be eligible to receive a grant under this section, an entity shall—

''(A) be a private nonprofit organization that focuses primarily on culturally specific communities;

''(B) must have documented organizational experience in the area of sexual assault intervention or have entered into a partnership with an organization having such expertise;

''(C) have expertise in the development of community-based, linguistically and culturally specific outreach and intervention services relevant for the specific communities to whom assistance would be provided or have the capacity to link to existing services in the community tailored to the needs of culturally specific populations; and

''(D) have an advisory board or steering committee and staffing which is reflective of the targeted culturally specific community.

''(3) AWARD BASIS.—The Attorney General shall award grants under this section on a competitive basis.

''(4) DISTRIBUTION.—

''(A) The Attorney General shall not use more than 2.5 percent of funds appropriated under this subsection in any year for administration, monitoring, and evaluation of grants made available under this subsection.

''(B) Up to 5 percent of funds appropriated under this subsection in any year shall be available for technical assistance by a national, nonprofit, nongovernmental organization or organizations whose primary focus and expertise is in addressing sexual assault within underserved culturally specific populations.

''(5) TERM.—The Attorney General shall make grants under this section for a period of no less than 2 fiscal years.

''(6) REPORTING.—Each entity receiving a grant under this subsection shall submit a report to the Attorney General that describes the activities carried out with such grant funds.

''(d) GRANTS TO STATE, TERRITORIAL, AND TRIBAL SEXUAL ASSAULT COALITIONS.—

''(1) GRANTS AUTHORIZED.—

''(A) IN GENERAL.—The Attorney General shall award grants to State, territorial, and tribal sexual assault coalitions to assist in supporting the establishment, maintenance, and expansion of such coalitions.

''(B) MINIMUM AMOUNT.—Not less than 10 percent of the total amount appropriated to carry out this section shall be used for grants under subparagraph (A).

''(C) ELIGIBLE APPLICANTS.—Each of the State, territorial, and tribal sexual assault coalitions.

''(2) USE OF FUNDS.—Grant funds received under this subsection may be used to—

''(A) work with local sexual assault programs and other providers of direct services to encourage appropriate responses to sexual assault within the State, territory, or tribe;

''(B) work with judicial and law enforcement agencies to encourage appropriate responses to sexual assault cases;

''(C) work with courts, child protective services agencies, and children's advocates to develop appropriate responses to child custody and visitation issues when sexual assault has been determined to be a factor;

''(D) design and conduct public education campaigns;

''(E) plan and monitor the distribution of grants and grant funds to their State, territory, or tribe; or

''(F) collaborate with and inform Federal, State, or local public officials and agencies to develop and implement policies to reduce or eliminate sexual assault.

''(3) ALLOCATION AND USE OF FUNDS.—From amounts appropriated for grants under this subsection for each fiscal year—

''(A) not less than 10 percent of the funds shall be available for grants to tribal sexual assault coalitions; and

''(B) the remaining funds shall be available for grants to State and territorial coalitions, and the Attorney General shall allocate an amount equal to 1/56 of the amounts so appropriated to each of those State and territorial coalitions.

''(4) APPLICATION.—Each eligible entity desiring a grant under this subsection shall submit an application to the Attorney General at such time, in such manner, and containing such information as the Attorney General determines to be essential to carry out the purposes of this section.

''(5) FIRST-TIME APPLICANTS.—No entity shall be prohibited from submitting an application under this subsection during any fiscal year for which funds are available under this subsection because such entity has not previously applied or received funding under this subsection.

''(e) GRANTS TO TRIBES.—

''(1) GRANTS AUTHORIZED.—The Attorney General may award grants to Indian tribes, tribal organizations, and nonprofit tribal organizations for the operation of sexual assault programs or projects in Indian tribal lands and Alaska Native villages to support the establishment, maintenance, and expansion of programs and projects to assist those victimized by sexual assault.

''(2) ALLOCATION AND USE OF FUNDS.—

''(A) ADMINISTRATIVE COSTS.—Not more than 5 percent of the grant funds received by an Indian tribe, tribal organization, and nonprofit tribal organization under this subsection for any fiscal year may be used for administrative costs.

''(B) GRANT FUNDS.—Any funds received under this subsection that are not used for administrative costs shall be used to provide grants to tribal organizations and nonprofit tribal organizations for programs and activities within Indian country and Alaskan native villages that provide direct intervention and related assistance.

''(f) AUTHORIZATION OF APPROPRIATIONS.—

''(1) IN GENERAL.—There are authorized to be appropriated $50,000,000 to remain available until expended for each of the fiscal years 2007 through 2011 to carry out the provisions of this section.

''(2) ALLOCATIONS.—Of the total amounts appropriated for each fiscal year to carry out this section—

''(A) not more than 2.5 percent shall be used by the Attorney General for evaluation, monitoring, and other administrative costs under this section;

''(B) not more than 2.5 percent shall be used for the provision of technical assistance to grantees and subgrantees under this section;

''(C) not less than 65 percent shall be used for grants to States and territories under subsection (b);

''(D) not less than 10 percent shall be used for making grants to State, territorial, and tribal sexual assault coalitions under subsection (d);

''(E) not less than 10 percent shall be used for grants to tribes under subsection (e); and

''(F) not less than 10 percent shall be used for grants for culturally specific programs addressing sexual assault under subsection (c).''.

SEC. 4. TITLE III—YOUNG VICTIMS.

(a) CORRECT CITATION IN SECTION 41204.—Section 41204(f)(2) of the Violence Against Women Act of 1994 (42 U.S.C. 14043c–3) is amended by striking ''(b)(4)(D)'' and inserting ''(b)(4)''.

(b) CORRECT CAMPUS GRANT PROGRAM'S PURPOSE AREAS.—Section 304(b)(2) of the Violence Against Women and Department of Justice Reauthorization Act of 2005 (Public Law 109–162) is amended by striking the first sentence and inserting ''To develop and implement campus policies, protocols, and services that more effectively identify and respond to the crimes of domestic violence, dating violence, sexual assault and stalking, and to train campus administrators, campus security personnel, and personnel serving on campus disciplinary or judicial boards on such policies, protocols, and services.''.

(c) CORRECTION.—In section 758(c)(1)(A) of the Public Health Services Act (42 U.S.C. 294h(c)(1)(A)), insert ''experiencing'' after ''to individuals who are'' and before ''or who have experienced''.

(d) CAMPUS REPORTING REQUIREMENT.—Section 304(d)(2)(A) of the Violence Against Women and Department of Justice Reauthorization Act of 2005 is amended by striking ''biennial''.

SEC. 5. TITLE VI—HOUSING AMENDMENTS.

(a) AMENDMENTS TO COLLABORATIVE GRANT PROGRAM.—Section 41404 of the Violence Against Women Act of 1994 (as added by Public Law 109–162; 119 Stat. 3033) is amended—

(1) in subsection (a)(1) by striking ''of Children'' and inserting ''for Children''; and

(2) in subsection (d)—

(A) in paragraph (1)—

(i) in the heading, by striking ''(1) IN GENERAL.—''; and

(ii) by adding at the end ''Such activities, services, or programs—'';

(B) in paragraph (2), by striking ''(2) ACTIVITIES, SERVICES, PROGRAMS.—Such activities, services, or programs described in paragraph (1)'' and inserting ''(1)'';

(C) by redesignating paragraphs (3) through (5) as paragraphs (2) through (4), respectively; and

(D) in paragraph (3), as so redesignated, by striking ''paragraph (3)'' and inserting ''paragraph (2)''.

(b) TECHNICAL AMENDMENTS TO STEWART B. MCKINNEY HOMELESS ASSISTANCE ACT.—Section 423(a)(8) of the Stewart B. McKinney Homeless Assistance Act (42 U.S.C. 11383(a)(8)) is amended—

(1) in the first sentence of subparagraph (A), by striking ''subsection'' and inserting ''section''; and

(2) in subparagraph (B)(ii), by striking ''or 'victim service providers' ''.

(c) TECHNICAL AMENDMENT TO VIOLENCE AGAINST WOMEN ACT OF 2005.—Section 606 of the Violence Against Women Act of 2005 (Public Law 104–162; 119 Stat. 3041) is amended in the heading by striking ''voucher''.

(d) SELECTION OF TENANTS.—Section 8(d)(1)(A) of the United States Housing Act of 1937 (42 U.S.C. 1437f(d)(1)(A)) is amended to read as follows:

''(A) the selection of tenants shall be the function of the owner, subject to the annual contributions contract between the Secretary and the agency, except that with respect to the certificate and moderate rehabilitation programs only, for the purpose of selecting families to be assisted, the public housing agency may establish local preferences, consistent with the public housing agency plan submitted under section 5A (42 U.S.C. 1437c–1) by the public housing agency and that an applicant or participant is or has been a victim of domestic violence, dating violence, or stalking is not an appropriate basis for denial of program assistance or for denial of admission if the applicant otherwise qualifies for assistance or admission;''.

(e) TECHNICAL AMENDMENTS TO HOUSING ASSISTANCE PROGRAM.—Section 8 of the United States Housing Act of 1937 (42 U.S.C. 1437f) is amended—

(1) in subsection (c)(9)(C), by striking clause (ii) and inserting the following:

''(ii) Notwithstanding clause (i) or any Federal, State, or local law to the contrary, an owner or manager may bifurcate a lease under this section, or remove a household member from a lease under this section, without regard to whether a household member is a signatory to a lease, in order to evict, remove, terminate occupancy rights, or terminate assistance to any individual who is a tenant or lawful occupant and who engages in criminal acts of physical violence against family members or others, without evicting, removing, terminating assistance to, or otherwise penalizing the victim of such violence who is also a tenant or lawful occupant. Such eviction, removal, termination of occupancy rights, or termination of assistance shall be effected in accordance with the procedures prescribed by Federal, State, and local law for the termination of leases or assistance under the relevant program of HUD-assisted housing.'';

(2) in subsection (d)(1)(B)(iii), by striking subclause (II) and inserting the following:

''(II) Notwithstanding subclause (I) or any Federal, State, or local law to the contrary, a public housing agency may terminate assistance to, or an owner or manager may bifurcate a lease under this section, or remove a household member from a lease under this section, without regard to whether a household member is a signatory to a lease, in order to evict, remove, terminate occupancy rights, or terminate assistance to any individual who is a tenant or lawful occupant and who engages in criminal acts of physical violence against family members or others, without evicting, removing, terminating assistance to, or otherwise penalizing the victim of such violence who is also a tenant or lawful occupant. Such eviction, removal, termination of occupancy rights, or termination of assistance shall be effected in accordance with the procedures prescribed by Federal, State, and local law for the termination of leases or assistance under the relevant program of HUD-assisted housing.'';

(3) in subsection (f)—

(A) in paragraph (9), by striking ''; and'' and inserting a semicolon;

(B) in paragraph (10)(A)(i), by striking ''; and'' and inserting ''; or''; and

(C) in paragraph (11)(B), by striking ''blood and marriage'' and inserting ''blood or marriage'';

(4) in subsection (o)—

(A) in the second sentence of paragraph (6)(B)—

(i) by striking ''by'' after ''denial of program assistance'';

(ii) by striking ''for admission for'' and inserting ''for admission or''; and

(iii) by striking ''admission, and that nothing'' and inserting ''admission. Nothing'';

(B) in paragraph (7)(D)—

(i) by striking clause (ii) and inserting the following:

''(ii) LIMITATION.—Notwithstanding clause (i) or any Federal, State, or local law to the contrary, a public housing agency may terminate assistance to, or an owner or manager may bifurcate a lease under this section, or remove a household member from a lease under this section, without regard to whether a household member is a signatory to a lease, in order to evict, remove, terminate occupancy rights, or terminate assistance to any individual who is a tenant or lawful occupant and who engages in criminal acts of physical violence against family members or others, without evicting, removing, terminating assistance to, or otherwise penalizing the victim of such violence who is also a tenant or lawful occupant. Such eviction, removal, termination of occupancy rights, or termination of assistance shall be effected in accordance with the procedures prescribed by Federal, State, and local law for the termination of leases or assistance under the relevant program of HUD-assisted housing.'';

(ii) in clause (iii), by striking ''access to control'' and inserting ''access or control''; and

(iii) in clause (v), by striking ''terminate,'' and inserting ''terminate''; and

(C) in paragraph (20)(D)(ii), by striking ''distribution'' and inserting ''distribution or''; and

(5) in subsection (ee)(1)—

(A) in subparagraph (A), by striking ''the owner, manager, or public housing agency requests such certification'' and inserting ''the individual receives a request for such certification from the owner, manager, or public housing agency'';

(B) in subparagraph (B)—

(i) by striking ''the owner, manager, public housing agency, or assisted housing provider has requested such certification in writing'' and inserting ''the individual has received a request in writing for such certification for the owner, manager, or public housing agency'';

(ii) by striking ''manager, public housing'' and inserting ''manager or public housing'' each place that term appears; and

(iii) by striking '', or assisted housing provider'' each place that term appears;

(C) in subparagraph (C), by striking ''sexual assault,'';

(D) in subparagraph (D), by striking ''sexual assault,''; and

(E) in subparagraph (E)—

(i) by striking ''manager, public housing'' and inserting ''manager or public housing'' each place that term appears; and

(ii) by striking '', or assisted housing provider'' each place that term appears.

(f) TECHNICAL AMENDMENT TO SECTION 6 OF UNITED STATES HOUSING ACT OF 1937.—Section 6 of the United States Housing Act of 1937 (42 U.S.C. 1437d) is amended—

(1) in subsection (l)(6), by striking subparagraph (B) and inserting the following: ''(B) notwithstanding subparagraph (A) or any Federal, State, or local law to the contrary, a public housing agency may bifurcate a lease under this section, or remove a household member from a lease under this section, without regard to whether a household member is a signatory to a lease, in order to evict, remove, terminate occupancy rights, or terminate assistance to any individual who is a tenant or lawful occupant and who engages in criminal acts of physical violence against family members or others, without evicting, removing, terminating assistance to, or otherwise penalizing the victim of such violence who is also a tenant or lawful occupant and such eviction, removal, termination of occupancy rights, or termination of assistance shall be effected in accordance with the procedures prescribed by Federal, State, and local law for the termination of leases or assistance under the relevant program of HUD-assisted housing;''; and

(2) in subsection (u)—

(A) in paragraph (1)(A), by striking ''the public housing agency requests such certification'' and inserting ''the individual receives a request for such certification from the public housing agency'';

(B) in paragraph (1)(B), by striking ''the public housing agency has requested such certification in writing'' and inserting ''the individual has received a request in writing for such certification from the public housing agency''; and

(C) in paragraph (3)(D)(ii), by striking ''blood and marriage'' and inserting ''blood or marriage''.

SEC. 6. TITLE VIII—IMMIGRATION AND NATIONALITY ACT.

(a) PETITIONS FOR IMMIGRANT STATUS.—Section 204(a)(1)(D)(v) of the Immigration and Nationality Act (8 U.S.C. 1154(a)(1)(D)(v)) is amended by inserting ''or (B)(iii)'' after ''(A)(iv)''.

(b) INADMISSIBLE ALIENS.—Section 212 of such Act (8 U.S.C. 1182) is amended—

(1) in subsection (a)—

(A) in paragraph (4)(C)(i)—

(i) in subclause (II), by striking '', or'' at the end and inserting a semicolon; and

(ii) by adding at the end the following:

''(III) classification or status as a VAWA self-petitioner; or'';

(B) in paragraph (6)(A)(ii), by amending subclause (I) to read as follows:

''(I) the alien is a VAWA self-petitioner;''; and

(C) in paragraph (9)(C)(ii), by striking ''the Attorney General has consented'' and all that follows through ''United States.'' and inserting the following: ''the Secretary of Homeland Security has consented to the alien's reapplying for admission.

''(iii) WAIVER.—The Secretary of Homeland Security may waive the application of clause (i) in the case of an alien who is a VAWA self-petitioner if there is a connection between—

''(I) the alien's battering or subjection to extreme cruelty; and

''(II) the alien's removal, departure from the United States, reentry into the United States; or attempted reentry into the United States.'';

(2) in subsection (g)(1), by amending subparagraph (C) to read as follows:

''(C) is a VAWA self-petitioner,'';

(3) in subsection (h)(1), by amending subparagraph (C) to read as follows:

''(C) the alien is a VAWA self-petitioner; and''; and

(4) in subsection (i)(1), by striking ''an alien granted classification under clause (iii) or (iv) of section 204(a)(1)(A) or clause (ii) or (iii) of section 204(a)(1)(B)'' and inserting ''a VAWA self-petitioner''.

(c) DEPORTABLE ALIENS.—Section 237(a)(1)(H)(ii) of such Act (8 U.S.C. 1227(a)(1)(H)(ii)) is amended to read as follows:

''(ii) is a VAWA self-petitioner.''.

(d) REMOVAL.—Section 239(e)(2)(B) of such Act (8 U.S.C. 1229(e)(2)(B)) is amended by striking ''(V)'' and inserting ''(U)''.

(e) CANCELLATION OF REMOVAL.—Section 240A(b)(4)(B) of such Act (8 U.S.C. 1229b(b)(4)(B)) is amended by striking ''they were applications filed under section 204(a)(1)(A)(iii), (A)(iv), (B)(ii), or (B)(iii) for purposes of section 245 (a) and (c).'' and inserting ''the applicants were VAWA self-petitioners.''.

(f) ADJUSTMENT OF STATUS.—Section 245 of such Act (8 U.S.C. 1255) is amended—

(1) in subsection (a), by striking ''under subparagraph (A)(iii), (A)(iv), (B)(ii), or (B)(iii) of section 204(a)(1) or'' and inserting ''as a VAWA self-petitioner''; and

(2) in subsection (c), by striking ''under subparagraph (A)(iii), (A)(iv), (A)(v), (A)(vi), (B)(ii), (B)(iii), or (B)(iv) of section 204(a)(1)'' and inserting ''as a VAWA self-petitioner''.

(g) IMMIGRATION OFFICERS.—Section 287 of such Act (8 U.S.C. 1357) is amended by redesignating subsection (i) as subsection (h).

(h) PENALTIES FOR DISCLOSURE OF INFORMATION.—Section 384(a)(2) of the Illegal Immigration Reform and Immigrant Responsibility Act of 1996 (8 U.S.C. 1367(a)(2)) is amended by striking ''clause (iii) or (iv)'' and all that follows and inserting ''paragraph (15)(T), (15)(U), or (51) of section 101(a) of the Immigration and Nationality Act or section 240A(b)(2) of such Act.''.

SEC. 7. TITLE IX—INDIAN WOMEN.

(a) OMNIBUS CRIME CONTROL AND SAFE STREETS.—

(1) GRANTS TO COMBAT VIOLENT CRIMES AGAINST WOMEN.—Part T of the Omnibus Crime Control and Safe Streets Act of 1968 is amended—

(A) by redesignating the second section 2007 (42 U.S.C. 3796gg–10) (relating to grants to Indian tribal governments), as added by section 906 of the Violence Against Women and Department of Justice Reauthorization Act of 2005, as section 2015;

(B) by redesignating the second section 2008 (42 U.S.C. 3796gg–11) (relating to a tribal deputy), as added by section 907 of the Violence Against Women and Department of Justice Reauthorization Act of 2005, as section 2016; and

(C) by moving those sections so as to appear at the end of the part.

(2) STATE GRANT AMOUNTS.—Section 2007(b) of the Omnibus Crime Control and Safe Streets Act of 1968 (42 U.S.C. 3796gg–1(b)), as amended by section 906(b) of the Violence Against Women and Department of Justice Reauthorization Act of 2005, is amended by striking paragraph (1) and inserting the following:

''(1) 10 percent shall be available for grants under the program authorized by section 2015, which shall not otherwise be subject to the requirements of this part (other than section 2008);''.

(3) GRANTS TO INDIAN TRIBAL GOVERNMENTS.—Section 2015 of the Omnibus Crime Control and Safe Streets Act of 1968, as added by section 906 of the Violence Against Women and Department of Justice Reauthorization Act of 2005 (as redesignated by paragraph (1)(A)), is amended—

(A) in subsection (a)—

(i) in the matter preceding paragraph (1), by striking ''and tribal organizations'' and inserting ''or authorized designees of Indian tribal governments'';

(ii) in paragraph (6), by striking ''and'' at the end;

(iii) in paragraph (7), by striking the period at the end and inserting ''; and''; and

(iv) by adding at the end the following:

''(8) provide legal assistance necessary to provide effective aid to victims of domestic violence, dating violence, stalking, or sexual assault who are seeking relief in legal matters arising as a consequence of that abuse or violence, at minimal or no cost to the victims.''; and

(B) by striking subsection (c).

(4) TRIBAL DEPUTY RESPONSIBILITIES.—Section 2016(b)(1)(I) of the Omnibus Crime Control and Safe Streets Act of 1968 (as redesignated by paragraph (1)(B)) is amended by inserting after ''technical assistance'' the following: ''that is developed and provided by entities having expertise in tribal law, customary practices, and Federal Indian law''.

(5) GRANTS TO ENCOURAGE ARREST POLICIES AND ENFORCEMENT OF PROTECTION ORDERS.—Section 2101 of the Omnibus Crime Control and Safe Streets Act of 1968 (42 U.S.C. 3796hh) is amended by striking subsection (e) and inserting the following:

''(e) ALLOTMENT FOR INDIAN TRIBES.—

''(1) IN GENERAL.—Not less than 10 percent of the total amount available under this section for each fiscal year shall be available for grants under the program authorized by section 2015.

''(2) APPLICABILITY OF PART.—The requirements of this part shall not apply to funds allocated for the program described in paragraph (1).''.

(b) RURAL DOMESTIC VIOLENCE.—

(1) IN GENERAL.—Section 40295(d) of the Safe Homes for Women Act of 1994 (42 U.S.C. 13971(d)), as amended by section 306 of the Violence Against Women and Department of Justice Reauthorization Act of 2005, is amended by striking paragraph (1) and inserting the following:

''(1) ALLOTMENT FOR INDIAN TRIBES.—

''(A) IN GENERAL.—Not less than 10 percent of the total amount available under this section for each fiscal year shall be available for grants under the program authorized by section 2015 of the Omnibus Crime Control and Safe Streets Act of 1968 (42 U.S.C. 3796gg–10).

''(B) APPLICABILITY OF PART.—The requirements of this section shall not apply to funds allocated for the program described in subparagraph (A).''.

(2) CONFORMING AMENDMENT.—Section 906 of the Violence Against Women and Department of Justice Reauthorization Act of 2005 is amended by—

(A) striking subsection (d); and

(B) redesignating subsections (e) through (g) as subsections (d) through (f), respectively.

(c) VIOLENCE AGAINST WOMEN ACT OF 1994.—

(1) TRANSITIONAL HOUSING ASSISTANCE.—Section 40299(g) of the Violence Against Women Act of 1994 (42 U.S.C. 13975(g)), as amended by sections 602 and 906 of the Violence Against Women and Department of Justice Reauthorization Act of 2005, is amended—

(A) in paragraph (3)(C), by striking clause (i) and inserting the following:

''(i) INDIAN TRIBES.—

''(I) IN GENERAL.—Not less than 10 percent of the total amount available under this section for each fiscal year shall be available for grants under the program authorized by section 2015 of the Omnibus Crime Control and Safe Streets Act of 1968 (42 U.S.C. 3796gg–10).

''(II) APPLICABILITY OF PART.—The requirements of this section shall not apply to funds allocated for the program described in subclause (I).''; and

(B) by striking paragraph (4).

(2) COURT TRAINING AND IMPROVEMENTS.—Section 41006 of the Violence Against Women Act of 1994 (42 U.S.C. 14043a–3), as added by section 105 of the Violence Against Women and Department of Justice Reauthorization Act of 2005, is amended by striking subsection (c) and inserting the following:

''(c) SET ASIDE.—

''(1) IN GENERAL.—Not less than 10 percent of the total amount available under this section for each fiscal year shall be available for grants under the program authorized by section 2015 of the Omnibus Crime Control and Safe Streets Act of 1968 (42 U.S.C. 3796gg–10).

''(2) APPLICABILITY OF PART.—The requirements of this section shall not apply to funds allocated for the program described in paragraph (1).''.

(d) VIOLENCE AGAINST WOMEN ACT OF 2000.—

(1) LEGAL ASSISTANCE FOR VICTIMS.—Section 1201(f) of the Violence Against Women Act of 2000 (42 U.S.C. 3796gg–6(f)), as amended by sections 103 and 906 of the Violence Against Women and Department of Justice Reauthorization Act of 2005, is amended—

(A) in paragraph (2)—

(i) in subparagraph (A), by striking ''10 percent'' and inserting ''3 percent'';

(ii) by redesignating subparagraph (B) as subparagraph (C); and

(iii) by inserting after subparagraph (A) the following:

''(B) TRIBAL GOVERNMENT PROGRAM.—

''(i) IN GENERAL.—Not less than 7 percent of the total amount available under this section for each fiscal year shall be available for grants under the program authorized by section 2015 of the Omnibus Crime Control and Safe Streets Act of 1968 (42 U.S.C. 3796gg–10).

''(ii) APPLICABILITY OF PART.—The requirements of this section shall not apply to funds allocated for the program described in clause (i).''; and

(B) by striking paragraph (4).

(2) SAFE HAVENS FOR CHILDREN.—Section 1301 of the Violence Against Women Act of 2000 (42 U.S.C. 10420), as amended by sections 906 and 306 of the Violence Against Women and Department of Justice Reauthorization Act of 2005, is amended—

(A) in subsection (e)(2)—

(i) by striking subparagraph (A); and

(ii) by redesignating subparagraphs (B) and (C) as subparagraphs (A) and (B), respectively; and

(B) by striking subsection (f) and inserting the following:

''(f) ALLOTMENT FOR INDIAN TRIBES.—

''(1) IN GENERAL.—Not less than 10 percent of the total amount available under this section for each fiscal year shall be available for grants under the program authorized by section 2015 of the Omnibus Crime Control and Safe Streets Act of 1968 (42 U.S.C. 3796gg–10).

''(2) APPLICABILITY OF PART.—The requirements of this section shall not apply to funds allocated for the program described in paragraph (1).''.

SEC. 8. TITLE XI—DEPARTMENT OF JUSTICE.

(a) ORGANIZED RETAIL THEFT.—Section 1105(a)(3) of the Violence Against Women and Department of Justice Reauthorization Act of 2005 (28 U.S.C. 509 note) is amended by striking ''The Attorney General through the Bureau of Justice Assistance in the Office of Justice may'' and inserting ''The Director of the Bureau of Justice Assistance of the Office of Justice Programs may''.

(b) FORMULAS AND REPORTING.—Sections 1134 and 1135 of the Violence Against Women and Department of Justice Reauthorization Act of 2005 (Public Law 109–162; 119 Stat. 3108), and the amendments made by such sections, are repealed.

(c) GRANTS FOR YOUNG WITNESS ASSISTANCE.—Section 1136(a) of the Violence Against Women and Department of Justice Reauthorization Act of 2005 (42 U.S.C. 3743(a)) is amended by striking ''The Attorney General, acting through the Bureau of Justice Assistance, may'' and inserting ''The Director of the Bureau of Justice Assistance of the Office of Justice Programs may''.

(d) USE OF FEDERAL TRAINING FACILITIES.—Section 1173 of the Violence Against Women and Department of Justice Reauthorization Act of 2005 (28 U.S.C. 530c note) is amended—

(1) in subsection (a), by inserting ''or for meals, lodging, or other expenses related to such internal training or conference meeting'' before the period; and

(2) in subsection (b), by striking ''that requires specific authorization'' and inserting ''authorized''.

(e) OFFICE OF AUDIT, ASSESSMENT, AND MANAGEMENT.—Part A of title I of the Omnibus Crime Control and Safe Streets Act of 1968 (42 U.S.C. 3711 et seq.) is amended by redesignating the section 105 titled ''office of audit, assessment, and management'' as section 109 and transferring such section to the end of such part A.

(f) COMMUNITY CAPACITY DEVELOPMENT OFFICE.—Section 106 of the Omnibus Crime Control and Safe Streets Act of 1968 (42 U.S.C. 3712e) is amended by striking ''section 105(b)'' each place such term appears and inserting ''section 103(b)''.

(g) AVAILABILITY OF FUNDS.—Section 108(b) of the Omnibus Crime Control and Safe Streets Act of 1968 (42 U.S.C. 3712g(b)) is amended by striking ''revert to the Treasury'' and inserting ''be deobligated''.

(h) DELETION OF DUPLICATIVE REFERENCE TO TRIBAL GOVERNMENTS.—Section 501(b) of the Omnibus Crime Control and Safe Streets Act of 1968 (42 U.S.C. 3751(b) is amended—

(1) in paragraph (1), by inserting ''or'' after the semicolon;

(2) in paragraph (2), by striking ''; or'' and inserting a period; and

(3) by striking paragraph (3).

(i) APPLICATIONS FOR BYRNE GRANTS.—Section 502 of the Omnibus Crime Control and Safe Streets Act of 1968 (42 U.S.C. 3752) is amended in the matter preceding paragraph (1), by striking ''90 days'' and inserting ''120 days''.

(j) MATCHING GRANT PROGRAM FOR SCHOOL SECURITY.—Part AA of title I of the Omnibus Crime Control and Safe Streets Act of 1968 (42 U.S.C. 3797a et seq.) is amended—

(1) in section 2701(a), by striking ''The Attorney General, acting through the Office of Community Oriented Policing Services,'' and inserting ''The Director of the Office of Community Oriented Policing Services (in this section referred to as the 'Director')''; and

(2) by striking ''Attorney General'' each place such term appears and inserting ''Director''.

(k) FUNDING.—Section 1101 of the Violence Against Women and Department of Justice Reauthorization Act of 2005 (Public Law 109–162) is amended—

(1) in paragraph (8), by striking ''$800,255,000'' and inserting ''$809,372,000'';

(2) in paragraph (11), by striking ''$923,613,000'' and inserting ''$935,817,000'';

(3) in paragraph (12), by striking ''$8,000,000'' and inserting ''$10,000,000''; and

(4) in paragraph (14), by striking ''$1,270,000'' and inserting ''$1,303,000''.

(l) DRUG COURTS TECHNICAL ASSISTANCE AND TRAINING.—Section 2957(b) of the Omnibus Crime Control and Safe Streets Act of 1968 (42 U.S.C. 3797u–6(b)) is amended by striking ''Community Capacity Development Office'' each place such term appears and inserting ''Bureau of Justice Assistance''.

(m) AIMEE'S LAW.—Section 2001(e)(1) of division C of Public Law 106–386 (42 U.S.C. 13713(e)(1)) is amended by striking ''section 506 of the Omnibus Crime Control and Safe Streets Act of 1968'' and inserting ''section 505 of the Omnibus Crime Control and Safe Streets Act of 1968''.

(n) EFFECTIVE DATES.—

(1) OFFICE OF WEED AND FEED STRATEGIES.—Section 1121(c) of the Violence Against Women and Department of Justice Reauthorization Act of 2005 (42 U.S.C. 3712a note) is amended by striking ''90 days after the date of the enactment of this Act'' and inserting ''with respect to appropriations for fiscal year 2007 and for each fiscal year thereafter''.

(2) SUBSTANCE ABUSE TREATMENT.—

(A) IN GENERAL.—Chapter 4 of subtitle B of title XI of the Violence Against Women and

Department of Justice Reauthorization Act of 2005 (Public Law 109–162; 3110) is amended by adding at the end the following:

"SEC. 1147. EFFECTIVE DATE.

''The amendments made by sections 1144 and 1145 shall take effect on October 1, 2006.''.

(B) CONFORMING AMENDMENT.—The table of contents in section 2 of the Violence Against Women and Department of Justice Reauthorization Act of 2005 (Public Law 106–162; 119 Stat. 2960) is amended by inserting after the item relating to section 1146 the following:

''Sec. 1147. Effective date.''.

(3) OFFICE OF AUDIT, ASSESSMENT, AND MANAGEMENT.—Section 1158(b) of the Violence Against Women and Department of Justice Reauthorization Act of 2005 (42 U.S.C. 3712d note) is amended to read as follows:

''(b) EFFECTIVE DATE.—

''(1) IN GENERAL.—Except as provided in paragraph (2), section 109 of the Omnibus Crime Control and Safe Streets Act of 1968 (42 U.S.C. 3712d) shall take effect on April 5, 2006.

''(2) CERTAIN PROVISIONS.—Subsections (c), (d), and (e) of section 109 of the Omnibus Crime Control and Safe Streets Act of 1968 (42 U.S.C. 3712d) shall take effect on October 1, 2006.''.

(4) OFFICE OF APPLIED LAW ENFORCEMENT TECHNOLOGY.—

(A) IN GENERAL.—Section 1160(b) of the Violence Against Women and Department of Justice Reauthorization Act of 2005 (42 U.S.C. 3712f note) is amended by striking ''90 days after the date of the enactment of this Act'' and inserting ''on October 1, 2006''.

(B) AVAILABILITY OF FUNDS.—Section 1161(b) of the Violence Against Women and Department of Justice Reauthorization Act of 2005 (42 U.S.C. 3712g note) is amended by striking ''90 days after the date of the enactment of this Act'' and inserting ''on October 1, 2006''.

(5) EVIDENCE-BASED APPROACHES.—Section 1168 of the Violence Against Women and Department of Justice Reauthorization Act of 2005 (Public Law 109–162; 119 Stat. 3122) is amended—

(A) by striking ''Section 1802'' and inserting the following:

''(a) IN GENERAL.—Section 1802''; and

(B) by adding at the end the following:

''(b) EFFECTIVE DATE.—The amendments made by this section shall take effect on October 1, 2006.''.

(6) STATE CRIMINAL ALIEN ASSISTANCE PROGRAM.—Section 1196 of the Violence Against Women and Department of Justice Reauthorization Act of 2005 (Public Law 109–162; 119 Stat. 3130) is amended by adding at the end the following:

''(d) EFFECTIVE DATE.—The amendments made by subsections (a) and (b) shall take effect on October 1, 2006.''.

The Senate bill was ordered to be read a third time, was read the third time, and passed, and a motion to reconsider was laid on the table.

RELATING TO CORRECTING A CLERICAL ERROR IN THE ENROLLMENT OF S. 3693

Mr. CANNON. Mr. Speaker, I ask unanimous consent to take from the Speaker's table the Senate concurrent resolution (S. Con. Res. 112) relating to correcting a clerical error in the enrollment of S. 3693, and ask for its immediate consideration in the House.

The Clerk read the title of the Senate concurrent resolution.

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

There was no objection.

The Clerk read the Senate concurrent resolution, as follows:

S. CON. RES. 112

Resolved by the Senate (the House of Representatives concurring), That in the enrollment of the bill, S. 3693, the Secretary of the Senate shall insert ''or reentries'' after ''States, reentry'' in section 212(a)(9)(C)(iii)(II) of the Immigration and Nationality Act, as added by section 6(b)(1)(C) of the bill.

The Senate concurrent resolution was concurred in.

A motion to reconsider was laid on the table.

CONDITIONAL ADJOURNMENT TO WEDNESDAY, AUGUST 2, 2006

Mr. CANNON. Mr. Speaker, I ask unanimous consent that when the House adjourns today pursuant to this order, it adjourn to meet at 11 a.m. on Wednesday, August 2, 2006, unless it sooner has received a message from the Senate transmitting its concurrence in House Concurrent Resolution 459, in which case the House shall stand adjourned pursuant to that concurrent resolution.

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

There was no objection.

DISPENSING WITH CALENDAR WEDNESDAY BUSINESS ON WEDNESDAY NEXT

Mr. CANNON. Mr. Speaker, I ask unanimous consent that the business in order under the Calendar Wednesday rule be dispensed with on Wednesday next.

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

There was no objection.

DISPENSING WITH CALENDAR WEDNESDAY BUSINESS ON WEDNESDAY, SEPTEMBER 6, 2006

Mr. CANNON. Mr. Speaker, I ask unanimous consent that the business in order under the Calendar Wednesday rule be dispensed with on Wednesday, September 6, 2006.

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

There was no objection.

LAYING ON THE TABLE H. CON. RES. 454

Mr. CANNON. Mr. Speaker, I ask unanimous consent that the ordering of the yeas and nays on adoption of House Concurrent Resolution 454 be vacated, to the end that the concurrent resolution be laid upon the table.

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

There was no objection.

APPOINTMENT OF HON. MAC THORNBERRY, HON. FRANK R. WOLF, AND HON. TOM DAVIS TO ACT AS SPEAKER PRO TEMPORE TO SIGN ENROLLED BILLS AND JOINT RESOLUTIONS THROUGH SEPTEMBER 6, 2006

The SPEAKER pro tempore laid before the House the following communication from the Speaker:

WASHINGTON, DC 20515,
July 27, 2006.

I hereby appoint the Honorable MAC THORNBERRY, the Honorable FRANK R. WOLF, and the Honorable TOM DAVIS to act as Speaker pro tempore to sign enrolled bills and joint resolutions through September 6, 2006.

J. DENNIS HASTERT,
Speaker of the House of Representatives.

The SPEAKER pro tempore. Without objection, the appointment is approved.

There was no objection.

THE MINIMUM WAGE

(Ms. JACKSON-LEE of Texas asked and was given permission to address the House for 1 minute and to revise and extend her remarks.)

Ms. JACKSON-LEE of Texas. Mr. Speaker, I want on the record today because of the raucous debate that we just had. For those who voted ''no'' on this bill dealing with the minimum wage, in the clarity of the lateness of the night, let me be very clear. I have voted for the minimum wage many times. In fact, Democrats have pressed this issue over and over again. But what should be clear is that the vote that was taken today will be a minimum wage that will be delayed. Whereas the Democratic bill would have started in September, this will not start until January, and it will not be effectuated until 2009.

This is bogus. This is insincere. This is not real. It can also be understood that I did not vote against the relief for my State of a sales tax, sales tax relief on Federal income tax. This bill will go nowhere. I will vote up or down on a minimum-wage increase and the sales tax relief for Texas.

I wish we had been able to bring up H. Res. 945 to bring relief to the Lebanese and humanitarian aid but, of course, we end today and tonight without doing our job.

LEAVE OF ABSENCE

By unanimous consent, leave of absence was granted to:

Mr. BACA (at the request of Ms. PELOSI) for today.

Mr. LEWIS of Georgia (at the request of Ms. PELOSI) for today on account of a death in the family.

Mr. STARK (at the request of Ms. PELOSI) for today on account of urgent family matters.

Mr. BILIRAKIS (at the request of Mr. BOEHNER) for today and the balance of

the week on account of a family wedding.

Mr. COBLE (at the request of Mr. BOEHNER) for today on account of commitments in the district.

Mrs. NORTHUP (at the request of Mr. BOEHNER) for today and July 29 on account of personal reasons.

ADJOURNMENT

Mr. CANNON. Mr. Speaker, pursuant to the order of the House of today, I move that the House do now adjourn.

The motion was agreed to.

The SPEAKER pro tempore. Accordingly, pursuant to the previous order of the House of today, the House stands adjourned until 11 a.m. on Wednesday, August 2, 2006, unless it sooner has received a message from the Senate transmitting its adoption of House Concurrent Resolution 459, in which case the House shall stand adjourned pursuant to that concurrent resolution.

Thereupon (at 1 o'clock and 55 minutes a.m.), pursuant to the previous order of the House of today, the House adjourned until 11 a.m. on Wednesday, August 2, 2006, unless it sooner has received a message from the Senate transmitting its adoption of House Concurrent Resolution 459, in which case the House shall stand adjourned pursuant to that concurrent resolution.

EXECUTIVE COMMUNICATIONS, ETC.

Under clause 8 of rule XII, executive communications were taken from the Speaker's table and referred as follows:

8978. A letter from the Principal Deputy Associate Administrator, Environmental Protection Agency, transmitting the Agency's final rule—2-Propenoic Acid, 2-Methyl-, Polymer with Ethenylbenzene, 2-Ethylhexyl 2-Propenoate, 2-Hydroxyethyl 2-Propenoate, N-(Hydroxymethyl) -2-Methyl-2-Propenamide and Methyl 2-Methyl -2-Methyl-2-Propenoate, Ammonium Salt; Tolerance Exemption [EPA–HQ–OPP–2006–0556; FRL–8077–5] received July 27, 2006, pursuant to 5 U.S.C. 801(a)(1)(A); to the Committee on Agriculture.

8979. A letter from the Principal Deputy Associate Administrator, Environmental Protection Agency, transmitting the Agency's final rule—2H-Azepin-2-one, 1-Ethenylhexahydro-, Homopolymer I; Tolerance Exemption [EPA–HQ–OPP–2006–0551; FRL–8075–7] received July 27, 2006, pursuant to 5 U.S.C. 801(a)(1)(A); to the Committee on Agriculture.

8980. A letter from the Principal Deputy Associate Administrator, Environmental Protection Agency, transmitting the Agency's final rule—Alachlor, Chlorothalonil, Methomyl, Metribuzin, Thiodicarb; Order Denying Petition to Revoke Tolerances [EPA–HQ–OPP–2005–0050; FRL–8079–8] received July 27, 2006, pursuant to 5 U.S.C. 801(a)(1)(A); to the Committee on Agriculture.

8981. A letter from the Principal Deputy Associate Administrator, Environmental Protection Agency, transmitting the Agency's final rule—Fenhexamid; Pesticide Tolerance [EPA–HQ–OPP–2005–0245; FRL–8079–2] received July 27, 2006, pursuant to 5 U.S.C. 801(a)(1)(A); to the Committee on Agriculture.

8982. A letter from the Principal Deputy Associate Administrator, Environmental Protection Agency, transmitting the Agency's final rule—Hazardous Waste Management System; Modification of the Hazardous Waste Program; Cathode Ray Tubes [RCRA–2004–0010; FRL–8203–1] (RIN: 2050–AE52) received July 27, 2006, pursuant to 5 U.S.C. 801(a)(1)(A); to the Committee on Agriculture.

8983. A letter from the Principal Deputy Associate Administrator, Environmental Protection Agency, transmitting the Agency's final rule—Inert Ingredient; Revocation of the Wheat Bran Tolerance Exemption [EPA–HQ–OPP–2006–0232; FRL–8080–1] received July 27, 2006, pursuant to 5 U.S.C. 801(a)(1)(A); to the Committee on Agriculture.

8984. A letter from the Principal Deputy Associate Administrator, Environmental Protection Agency, transmitting the Agency's final rule—Oxirane, Methyl-, Polymer with Oxirane, Monobutyl Ether; Tolerance Exemption [EPA–HQ–OPP–2006–0588; FRL–8078–4] received July 27, 2006, pursuant to 5 U.S.C. 801(a)(1)(A); to the Committee on Agriculture.

8985. A letter from the Deputy Secretary, Department of Defense, transmitting a report pursuant to Section 9010 of the Department of Defense Appropriations Act, 2005 (Pub. L. 108–287); to the Committee on Armed Services.

8986. A letter from the Regulatory Specialist, Office of the Comptroller of the Currency, Department of the Treasury, transmitting the Department's final rule—Assessment of Fees [Docket No. 06–08] (RIN: 1557–AC96) received July 27, 2006, pursuant to 5 U.S.C. 801(a)(1)(A); to the Committee on Financial Services.

8987. A letter from the Regulations Coordinator, CMS, Department of Health and Human Services, transmitting the Department's final rule—State Children's Health Insurance Program; Final Allotments to States, the District of Columbia, and U.S. Territories and Commonwealths for Fiscal Year 2007 [CMS–2251–N] (RIN: 0938–ZA17) received July 28, 2006, pursuant to 5 U.S.C. 801(a)(1)(A); to the Committee on Energy and Commerce.

8988. A letter from the Principal Deputy Associate Administrator, Environmental Protection Agency, transmitting the Agency's final rule—Approval and Promulgation of Implementation Plans for Arizona; Maricopa County PM–10 Nonattainment Area; Serious Area Plan for Attainment of the 24–Hour and Annual PM–10 Standards [EPA–R09–0AR–2006–0571; FRL–8204–8] received July 27, 2006, pursuant to 5 U.S.C. 801(a)(1)(A); to the Committee on Energy and Commerce.

8989. A letter from the Principal Deputy Associate Administrator, Environmental Protection Agency, transmitting the Agency's final rule—Guidelines Establishing Test Procedures for the Analysis of Pollutants Under the Clean Water Act; National Primary Drinking Water Regulations; and National Secondary Drinking Water Regulations; Analysis and Sampling Procedures [EPA–HQ–OW–2003–0070; FRL–8203–8] (RIN: 2040–AD71) received July 27, 2006, pursuant to 5 U.S.C. 801(a)(1)(A); to the Committee on Energy and Commerce.

8990. A letter from the Principal Deputy Associate Administrator, Environmental Protection Agency, transmitting the Agency's final rule—Inert Ingredients; Revocation of Two Tolerance Exemptions [EPA–HQ–OPP–2006–0307; FRL–8079–9] received July 27, 2006, pursuant to 5 U.S.C. 801(a)(1)(A); to the Committee on Energy and Commerce.

8991. A letter from the Assistant Secretary for Legislative Affairs, Department of State, transmitting on behalf of the Secretary of State and the U.S. Representative to the IAEA, a report detailing assistance to Iran from the International Atomic Energy Agency during calendar year 2005, pursuant to 22 U.S.C. 2021 note Public Law 107–228 section 1344(a); to the Committee on International Relations.

8992. A letter from the Assistant Legal Adviser for Treaty Affairs, Department of State, transmitting Copies of international agreements, other than treaties, entered into by the United States, pursuant to 1 U.S.C. 112b(a); to the Committee on International Relations.

8993. A letter from the Deputy Director, Defense Security Cooperation Agency, transmitting pursuant to the reporting requirements of Section 36(b)(1) of the Arms Export Control Act, as amended, Transmittal No. 06–45, concerning the Department of the Army's proposed Letter(s) of Offer and Acceptance to Poland for defense articles and services; to the Committee on International Relations.

8994. A letter from the Deputy Director, Defense Security Cooperation Agency, transmitting pursuant to the reporting requirements of Section 36(b)(1) of the Arms Export Control Act, as amended, Transmittal No. 06–44, concerning the Department of the Army's proposed Letter(s) of Offer and Acceptance to Spain for defense articles and services; to the Committee on International Relations.

8995. A letter from the Deputy Director, Defense Security Cooperation Agency, transmitting pursuant to the reporting requirements of Section 36(b)(1) of the Arms Export Control Act, as amended, Transmittal No. 06–50, concerning the Department of the Air Force's proposed Letter(s) of Offer and Acceptance to Singapore for defense articles and services; to the Committee on International Relations.

8996. A letter from the Deputy Director, Defense Security Cooperation Agency, transmitting pursuant to the reporting requirements of Section 36(b)(1) of the Arms Export Control Act, as amended, Transmittal No. 06–49, concerning the Department of the Army's proposed Letter(s) of Offer and Acceptance to United Arab Emirates for defense articles and services; to the Committee on International Relations.

8997. A letter from the Deputy Director, Defense Security Cooperation Agency, transmitting pursuant to the reporting requirements of Section 36(b)(1) of the Arms Export Control Act, as amended, Transmittal No. 06–43, concerning the Department of the Air Force's proposed Letter(s) of Offer and Acceptance to the Netherlands for defense articles and services; to the Committee on International Relations.

8998. A letter from the Deputy Director, Defense Security Cooperation Agency, transmitting pursuant to the reporting requirements of Section 36(b)(1) of the Arms Export Control Act, as amended, Transmittal No. 06–42, concerning the Department of the Army's proposed Letter(s) of Offer and Acceptance to Bahrain for defense articles and services; to the Committee on International Relations.

8999. A letter from the Deputy Director, Defense Security Cooperation Agency, transmitting pursuant to the reporting requirements of Section 36(b)(1) of the Arms Export Control Act, as amended, Transmittal No. 06–39, concerning the Department of the Army's proposed Letter(s) of Offer and Acceptance to Saudi Arabia for defense articles and services; to the Committee on International Relations.

9000. A letter from the Deputy Director, Defense Security Cooperation Agency, transmitting pursuant to the reporting requirements of Section 36(b)(1) of the Arms Export Control Act, as amended, Transmittal No. 06–38, concerning the Department of the

Army's proposed Letter(s) of Offer and Acceptance to Oman for defense articles and services; to the Committee on International Relations.

9001. A letter from the Deputy Director, Defense Security Cooperation Agency, transmitting pursuant to the reporting requirements of Section 36(b)(1) of the Arms Export Control Act, as amended, Transmittal No. 06–31, concerning the Department of the Army's proposed Letter(s) of Offer and Acceptance to Saudi Arabia for defense articles and services; to the Committee on International Relations.

9002. A letter from the Deputy Director, Defense Security Cooperation Agency, transmitting pursuant to the reporting requirements of Section 36(b)(1) of the Arms Export Control Act, as amended, Transmittal No. 06–30, concerning the Department of the Army's proposed Letter(s) of Offer and Acceptance to Jordan for defense articles and services; to the Committee on International Relations.

9003. A letter from the Assistant Secretary for Legislative Affairs, Department of State, transmitting pursuant to section 36(c) and (d) of the Arms Export Control Act, certification regarding the proposed transfer of major defense articles or defense services to the Government of Japan (Transmittal No. DDTC 039–06); to the Committee on International Relations.

9004. A letter from the Assistant Secretary for Legislative Affairs, Department of State, transmitting pursuant to section 36(c) of the Arms Export Control Act, certification regarding the proposed license for the export of defense articles and services to the Government of the United Kingdom (Transmittal No. DDTC 042–06); to the Committee on International Relations.

9005. A letter from the Assistant Secretary for Legislative Affairs, Department of State, transmitting pursuant to section 36(c) of the Arms Export Control Act, certification regarding the proposed license for the export of defense articles and services to the Government of Singapore (Transmittal No. DDTC 024–06); to the Committee on International Relations.

9006. A letter from the Assistant Secretary for Legislative Affairs, Department of State, transmitting pursuant to section 36(c) of the Arms Export Control Act, certification regarding the proposed license for the export of defense articles and services to the Government of Japan (Transmittal No. DDTC 044–06); to the Committee on International Relations.

9007. A letter from the Assistant Secretary for Legislative Affairs, Department of State, transmitting pursuant to section 36(c) of the Arms Export Control Act, certification regarding the proposed license for the export of defense articles and services to the Government of Mexico (Transmittal No. DDTC 027–06); to the Committee on International Relations.

9008. A letter from the Assistant Secretary for Legislative Affairs, Department of State, transmitting a proposed removal from the United States Munitions List of a specific sonar system originally developed for the Navy but used predominantly in fisheries management, pursuant to Section 38(f) of the Arms Export Control Act (Transmittal No. DDTC F01–05); to the Committee on International Relations.

9009. A letter from the Chairman, Council of the District of Columbia, transmitting a copy of D.C. ACT 16–465, ''Enhanced Professional Security Amendment Act of 2006,'' pursuant to D.C. Code section 1–233(c)(1); to the Committee on Government Reform.

9010. A letter from the Chairman, Council of the District of Columbia, transmitting a copy of D.C. ACT 16–452, ''Procurement of Natural Gas and Electricity Exemption Temporary Amendment Act of 2006,'' pursuant to D.C. Code section 1–233(c)(1); to the Committee on Government Reform.

9011. A letter from the Chairman, Council of the District of Columbia, transmitting a copy of D.C. ACT 16–466, ''Northwest One/Sursum Corda Affordable Housing Protection Preservation and Producation Act of 2006,'' pursuant to D.C. Code section 1–233(c)(1); to the Committee on Government Reform.

9012. A letter from the Chairman, Council of the District of Columbia, transmitting a copy of D.C. ACT 16–464, ''Parking Enhancement Amendment Act of 2006,'' pursuant to D.C. Code section 1–233(c)(1); to the Committee on Government Reform.

9013. A letter from the Chairman, Council of the District of Columbia, transmitting a copy of D.C. ACT 16–463, ''Historic Preservation Amendment Act of 2006,'' pursuant to D.C. Code section 1–233(c)(1); to the Committee on Government Reform.

9014. A letter from the Chairman, Council of the District of Columbia, transmitting a copy of D.C. ACT 16–462, ''Living Wage Clarification Temporary Amendment Act of 2006,'' pursuant to D.C. Code section 1–233(c)(1); to the Committee on Government Reform.

9015. A letter from the Chairman, Council of the District of Columbia, transmitting a copy of D.C. ACT 16–461, ''Additional Sanctions for Nuisance Abatement and Office of the Tenant Advocate Duties Clarification Temporary Amendment Act 2006,'' pursuant to D.C. Code section 1–233(c)(1); to the Committee on Government Reform.

9016. A letter from the Chairman, Council of the District of Columbia, transmitting a copy of D.C. ACT 16–460, ''Mental Health Civil Extension Temporary Amendment Act of 2006,'' pursuant to D.C. Code Section 1–233(c)(1); to the Committee on Government Reform.

9017. A letter from the Chairman, Council of the District of Columbia, transmitting a copy of D.C. ACT 16–459, ''Independent Office of the Tenant Advocate Establishment Amendment Act of 2006,'' pursuant to D.C. Code section 1–233(c)(1); to the Committee on Government Reform.

9018. A letter from the Chairman, Council of the District of Columbia, transmitting a copy of D.C. ACT 16–458, ''Dedication of Public Streets and Alleys in Squares 5318, 5319, and 5320 S.O. 05–8132, Act of 2006,'' pursuant to D.C. Code section 1–233(c)(1); to the Committee on Government Reform.

9019. A letter from the Chairman, Council of the District of Columbia, transmitting a copy of D.C. ACT 16–453, ''Parking Amendment Act of 2006,'' pursuant to D.C. Code section 1–233(c)(1); to the Committee on Government Reform.

9020. A letter from the Chairman, Council of the District of Columbia, transmitting a copy of D.C. ACT 16–457, ''Low-Income Disabled Tenant Rental Conversion Protection Amendment Act of 2006,'' pursuant to D.C. Code section 1–233(c)(1); to the Committee on Government Reform.

9021. A letter from the Chairman, Council of the District of Columbia, transmitting a copy of D.C. ACT 16–456, ''Public Assistance Confidentiality of Information Amendment Act of 2006,'' pursuant to D.C. Code section 1–233(c)(1); to the Committee on Government Reform.

9022. A letter from the Chairman, Council of the District of Columbia, transmitting a copy of D.C. ACT 16–455, ''Marvin Gaye Recreation Center and Playground Designation Act of 2006,'' pursuant to D.C. Code section 1–233 (c)(1); to the Committee on Government Reform.

9023. A letter from the Chairman, Council of the District of Columbia, transmitting a copy of D.C. ACT 16–454, ''Barber and Cosmetologist License Act of 2006,'' pursuant to D.C. Code section 1–233 (c)(1); to the Committee on Government Reform.

9024. A letter from the Director, Office of Personnel Management, transmitting the Office's final rule—OPM Employee Responsibilities and Conduct (RIN: 3206–AJ69) received July 27, 2006, pursuant to 5 U.S.C. 801(a)(1)(A); to the Committee on Government Reform.

9025. A letter from the Director, Office of Personnel Management, transmitting the Office's final rule—Excepted Service—Appointment of Persons with Disabilities and Career and Career-Conditional Employment (RIN: 3206–AK5) received July 27, 2006, pursuant to 5 U.S.C. 801(a)(1)(A); to the Committee on Government Reform.

9026. A letter from the Director, Office of Personnel Management, transmitting the Office's final rule—Cost-of-Living Allowances (Nonforeign Areas); COLA Rate Changes (RIN: 3206–AK67) received July 27, 2006, pursuant to 5 U.S.C. 801(a)(1)(A); to the Committee on Government Reform.

9027. A letter from the Acting Assistant Secretary, Fish, Wildlife, and Parks, Department of the Interior, transmitting the Department's final rule—Marine Mammals; Incidental Take During Specified Activities (RIN: 1018-AT82) received July 28, 2006, pursuant to 5 U.S.C. 801(a)(1)(A); to the Committee on Resources.

9028. A letter from the Chief, Regulations and Administrative Law, USCG, Department of Homeland Security, transmitting the Department's final rule—Safety Zone; 4th July Fireworks, Cooper River, Patriots Point, Mount Pleasant, South Carolina [COTP Charleston 06–111] (RIN: 1625–AA00) received July 26, 2006, pursuant to 5 U.S.C. 801(a)(1)(A); to the Committee on Transportation and Infrastructure.

9029. A letter from the Chief, Regulations and Administrative Law, USCG, Department of Homeland Security, transmitting the Department's final rule—Safety Zone; Ship and Shore Festival Fireworks, Lake Michigan, New Buffalo, MI [CGD09–06–070] (RIN: 1625–AA00) received July 26, 2006, pursuant to 5 U.S.C. 801(a)(1)(A); to the Committee on Transportation and Infrastructure.

9030. A letter from the Chief, Regulations and Administrative Law, USCG, Department of Homeland Security, transmitting the Department's final rule—Safety Zone; Mineola Bay Fireworks, Fox Lake, IL [CGD09–06–071] (RIN: 1625–AA00) received July 26, 2006, pursuant to 5 U.S.C. 801(a)(1)(A); to the Committee on Transportation and Infrastructure.

9031. A letter from the Chief, Regulations and Administrative Law, USCG, Department of Homeland Security, transmitting the Department's final rule—Safety Zone; Pentwater July 3rd Fireworks, Pentwater, Michigan [CGD09–06–078] (RIN: 1625–AA00) received July 26, 2006, pursuant to 5 U.S.C. 801(a)(1)(A); to the Committee on Transportation and Infrastructure.

9032. A letter from the Chief, Regulations and Administrative Law, USCG, Department of Homeland Security, transmitting the Department's final rule—Safety Zone; Celebration Freedom Fireworks, Lake Macatawa, Holland, Michigan [CGD09–06–074] (RIN: 1625–AA00) received July 24, 2006, pursuant to 5 U.S.C. 801(a)(1)(A); to the Committee on Transportation and Infrastructure.

9033. A letter from the Chief, Regulations and Administrative Law, USCG, Department of Homeland Security, transmitting the Department's final rule—Safety Zone; Lake Michigan: Michigan City Independence Day Fireworks, Dunes Acres, Michigan City, IN [CGD09–06–072] (RIN: 1625–AA00) received July 26, 2006, pursuant to 5 U.S.C. 801(a)(1)(A); to the Committee on Transportation and Infrastructure.

9034. A letter from the Chief, Regulations and Administrative Law, USCG, Department of Homeland Security, transmitting the Department's final rule—Safety Zone; Independence Day Fireworks, Heart Island, Alexandria Bay, NY [CGD09–06–075] (RIN: 1625–AA00) received July 26, 2006, pursuant to 5 U.S.C. 801(a)(1)(A); to the Committee on Transportation and Infrastructure.

9035. A letter from the Chief, Regulations and Administrative Law, USCG, Department of Homeland Security, transmitting the Department's final rule—Safety Zone; Ferrier Wedding Fireworks, Lake Erie, Fairview, PA [CGD09–06–067] (RIN: 1625–AA00) received July 26, 2006, pursuant to 5 U.S.C. 801(a)(1)(A); to the Committee on Transportation and Infrastructure.

9036. A letter from the Chief, Regulations and Administrative Law, USCG, Department of Homeland Security, transmitting the Department's final rule—Safety Zone; Thunder on Wheathouse Bay, St. Lawrence River, Ogdensburg, NY [CGD09–06–068] (RIN: 1625–AA00) received July 26, 2006, pursuant to 5 U.S.C. 801(a)(1)(A); to the Committee on Transportation and Infrastructure.

9037. A letter from the Chief, Regulations and Administrative Law, USCG, Department of Homeland Security, transmitting the Department's final rule—Safety Zone; Onset Fire District Fireworks Display, Onset Harbor, Onset, Massachusetts [CGD01–06–042] (RIN: 1625–AA00) received July 26, 2006, pursuant to 5 U.S.C. 801(a)(1)(A); to the Committee on Transportation and Infrastructure.

9038. A letter from the Chief, Regulations and Administrative Law, USCG, Department of Homeland Security, transmitting the Department's final rule—Safety Zone; John's Pass, Tampa Bay, FL [COTP St. Petersburg 06–089] (RIN: 1625–AA00) received July 28, 2006, pursuant to 5 U.S.C. 801(a)(1)(A); to the Committee on Transportation and Infrastructure.

9039. A letter from the Chief, Regulations and Administrative Law, USCG, Department of Homeland Security, transmitting the Department's final rule—Safety Zone; BART Transby Tube Seismic Upgrade; San Francisco, CA [COTP San Francisco 06–021] (RIN: 1625–AA00) received July 28, 2006, pursuant to 5 U.S.C. 801(a)(1)(A); to the Committee on Transportation and Infrastructure.

9040. A letter from the Chief, Regulations and Administrative Law, USCG, Department of Homeland Security, transmitting the Department's final rule—Safety Zone; North San Diego Bay, San Diego, CA [COTP San Diego 06–051] (RIN: 1625–AA00) received July 28, 2006, pursuant to 5 U.S.C. 801(a)(1)(A); to the Committee on Transportation and Infrastructure.

9041. A letter from the Chief, Regulations and Administrative Law, USCG, Department of Homeland Security, transmitting the Department's final rule—Safety Zone; Grand Island, Stephens Passage [Sector Juneau Western Alaska 06–002] (RIN: 1625–AA00) received July 28, 2006, pursuant to 5 U.S.C. 801(a)(1)(A); to the Committee on Transportation and Infrastructure.

9042. A letter from the Chief, Regulations and Administrative Law, USCG, Department of Homeland Security, transmitting the Department's final rule—Safety Zone; Sanibel Island Bridge, Ft Myers Beach, FL [COTP St. Petersburg 06–115] (RIN: 1625–AA00) received July 28, 2006, pursuant to 5 U.S.C. 801(a)(1)(A); to the Committee on Transportation and Infrastructure.

9043. A letter from the Chief, Regulations and Administrative Law, USCG, Department of Homeland Security, transmitting the Department's final rule—Safety Zone; Beaufort Water Festival Fireworks, Beaufort River, Beaufort, SC [COTP Charleston 06–136] (RIN: 1625–AA00) received July 28, 2006, pursuant to 5 U.S.C. 801(a)(1)(A); to the Committee on Transportation and Infrastructure.

9044. A letter from the Chief, Regulations and Administrative Law, USCG, Department of Homeland Security, transmitting the Department's final rule—Safety Zone; Fundacion Amistad Fireworks, Three Mile Harbor, East Hampton, NY [CGD01–06–064] (RIN: 1625–AA00) received July 28, 2006, pursuant to 5 U.S.C. 801(a)(1)(A); to the Committee on Transportation and Infrastructure.

9045. A letter from the Chief, Regulations and Administrative Law, USCG, Department of Homeland Security, transmitting the Department's final rule—Safety Zone; Lignelli Wedding Fireworks, Atlantic Ocean, Water Mill, NY [CGD01–06–067] (RIN: 1625–AA00) received July 28, 2006, pursuant to 5 U.S.C. 801(a)(1)(A); to the Committee on Transportation and Infrastructure.

9046. A letter from the Chief, Regulations and Administrative Law, USCG, Department of Homeland Security, transmitting the Department's final rule—Safety Zone; French Festival Fireworks, St. Lawrence River, Cape Vincent, NY [CGD09–06–056] (RIN: 1625–AA00) received July 28, 2006, pursuant to 5 U.S.C. 801(a)(1)(A); to the Committee on Transportation and Infrastructure.

9047. A letter from the Chief, Regulations and Administrative Law, USCG, Department of Homeland Security, transmitting the Department's final rule—Safety Zone; 4th of July Firework Display, Kenosha, Wisconsin [CGD09–06–080] (RIN: 1625–AA00) received July 28, 2006, pursuant to 5 U.S.C. 801(a)(1)(A); to the Committee on Transportation and Infrastructure.

9048. A letter from the Director, Regulations and Rulings Division, Alcohol & Tobacco Tax & Trade Bureau, Department of the Treasury, transmitting the Department's final rule—Major Food Allergen Labeling for Wines, Distilled Spirits, and Malt Beverages [T.D. TTB–53; Re: Notice No. 62] (RIN: 1513–AB08) received July 28, 2006, pursuant to 5 U.S.C. 801(a)(1)(A); to the Committee on Ways and Means.

9049. A letter from the Under Secretary for Policy, Department of Defense, transmitting the Department's report on collaborative measures to reduce the risks of a launch of Russian Nuclear Weapons, pursuant to Section 1214 of Title XII of the National Defense Authorization Act; jointly to the Committees on International Relations and Armed Services.

9050. A letter from the Assistant Administrator, Bureau for Legislative and Public Affairs, United States Agency for International Development, transmitting a report on the program to be initiated in Nepal by the Office of Transition Initiatives; jointly to the Committees on International Relations and Appropriations.

REPORTS OF COMMITTEES ON PUBLIC BILLS AND RESOLUTIONS

Under clause 2 of rule XIII, reports of committees were delivered to the Clerk for printing and reference to the proper calendar, as follows:

Mr. OXLEY: Committee on Financial Services. H.R. 5393. A bill to provide for the Department of Housing and Urban Development to coordinate Federal housing assistance efforts in the case of disasters resulting in long-term housing needs (Rept. 109–607, Pt. 1). Ordered to be printed.

Mr. YOUNG of Alaska: Committee on Transportation and Infrastructure. H.R. 5810. A bill to amend the Comprehensive Environmental Response, Compensation, and Liability Act of 1980 to authorize funding for brownfields revitalization activities and State response programs, and for other purposes; with an amendment (Rept. 109–608 Pt. 1). Ordered to be printed.

Mr. YOUNG of Alaska: Committee on Transportation and Infrastructure. H.R. 4650. A bill to direct the Secretary of the Army to carry out programs and activities to enhance the safety of levees in the United States; with an amendment (Rept. 109–609). Referred to the Committee of the Whole House on the State of the Union.

Mr. YOUNG of Alaska: Committee on Transportation and Infrastructure. H.R. 4653. A bill to repeal a prohibition on the use of certain funds for tunneling in certain areas with respect to the Los Angeles to San Fernando Valley Metro Rail project, California (Rept. 109–610). Referred to the Committee of the Whole House on the State of the Union.

Mr. BOEHLERT: Committee on Science. H.R. 5656. A bill to provide for Federal energy research, development, demonstration, and commercial application activities, and for other purposes; with an amendment (Rept. 109–611). Referred to the Committee of the Whole House on the State of the Union.

Mr. POMBO: Committee on Resources. H.R. 4957. A bill to direct the Secretary of the Interior to convey the Tylersville division of the Lamar National Fish Hatchery and fish Technology Center to the State of Pennsylvania; with an amendment (Rept. 109–612). Referred to the Committee of the Whole House on the State of the Union.

Mr. HASTINGS of Washington: Committee on Rules. House Resolution 966. Resolution providing for consideration of the bill (H.R. 5970) to amend the Internal Revenue Code of 1986 to increase the unified credit against the estate tax to an exclusion equivalent of $5,000,000, to repeal the sunset provision for the estate and generation-skipping taxes, and to extend expiring provisions, and for other purposes; and consideration of the bill (H.R. 4) to provide economic security for all Americans, and for other purposes (Rept. 109–613). Referred to the House Calendar.

Mr. YOUNG of Alaska: Committee on Transportation and Infrastructure. H.R. 5681. A bill to authorize appropriations for the Coast Guard for fiscal year 2007, and for other purposes; with an amendment (Rept. 109–614). Referred to the Committee of the Whole House on the State of the Union.

PUBLIC BILLS AND RESOLUTIONS

Under clause 2 of rule XII, public bills and resolutions were introduced and severally referred, as follows:

By Mr. BOEHNER (for himself, Mr. THOMAS, Mr. MCKEON, Mr. KLINE, and Mr. CAMP of Michigan):

H.R. 4. A bill to provide economic security for all Americans, and for other purposes; considered and passed.

By Mr. FLAKE (for himself, Mr. SCHIFF, Mr. INGLIS of South Carolina, Mr. MCGOVERN, Mr. PAUL, and Mr. MACK):

H.R. 5954. A bill to amend the Rules of the House of Representatives to specify conditions under which the Permanent Select Committee on Intelligence of the House of Representatives shall be required to exercise its authority to make classified information in its possession available to certain standing committees of the House, and for other purposes; to the Committee on Rules, and in addition to the Committee on Intelligence (Permanent Select), for a period to be subsequently determined by the Speaker, in each case for consideration of such provisions as fall within the jurisdiction of the committee concerned.

By Mr. AKIN (for himself, Mr. CUELLAR, and Mr. GOHMERT):

H.R. 5955. A bill to amend title XVIII of the Social Security Act to provide payment under part A of the Medicare Program on a reasonable cost basis for anesthesia services furnished by an anesthesiologist in certain rural hospitals in the same manner as payments are provided for anesthesia services furnished by anesthesiologist assistants and certified registered nurse anesthetists in such hospitals; to the Committee on Ways and Means.

By Mr. BAKER (for himself, Mr. KANJORSKI, Mr. OXLEY, Mr. FRANK of Massachusetts, and Mr. SHAYS):

H.R. 5956. A bill to make all civil penalties collected by the Securities and Exchange Commission in securities law enforcement actions available for the benefit of victims of securities law violations, and for other purposes; to the Committee on Financial Services.

By Mr. RENZI (for himself, Mr. GRIJALVA, Mr. PASTOR, Mr. HAYWORTH, and Mr. KOLBE):

H.R. 5957. A bill to designate segments of Fossil Creek, a tributary to the Verde River in the State of Arizona, as wild and scenic rivers; to the Committee on Resources.

By Mr. SCHWARZ of Michigan:

H.R. 5958. A bill to amend the Internal Revenue Code of 1986 to allow a credit against income tax for the use of ethanol in tetra ethyl ortho silicate (TEOS) production; to the Committee on Ways and Means.

By Ms. ZOE LOFGREN of California:

H.R. 5959. A bill to amend the Internal Revenue Code of 1986 to impose an excise tax on automobiles sold in the United States that are not alternative fueled automobiles, and for other purposes; to the Committee on Ways and Means, and in addition to the Committee on Energy and Commerce, for a period to be subsequently determined by the Speaker, in each case for consideration of such provisions as fall within the jurisdiction of the committee concerned.

By Mr. MICHAUD:

H.R. 5960. A bill to amend title 38, United States Code, to reauthorize various programs providing for the needs of homeless veterans, and for other purposes; to the Committee on Veterans' Affairs.

By Mr. CONYERS (for himself, Mr. WEXLER, Ms. JACKSON-LEE of Texas, Mr. WAXMAN, Mrs. CHRISTENSEN, Mr. CUMMINGS, Mr. GUTIERREZ, Ms. CORRINE BROWN of Florida, Mr. SCHIFF, Mr. MCGOVERN, Mr. GRIJALVA, and Mr. DEFAZIO):

H.R. 5961. A bill to provide for reports by the President relating to pardons and reprieves granted to executive branch officials; to the Committee on the Judiciary.

By Mrs. BIGGERT:

H.R. 5962. A bill to amend title XVIII of the Social Security Act to establish additional provisions to combat waste, fraud, and abuse within the Medicare Program, and for other purposes; to the Committee on Ways and Means, and in addition to the Committees on Energy and Commerce, and the Judiciary, for a period to be subsequently determined by the Speaker, in each case for consideration of such provisions as fall within the jurisdiction of the committee concerned.

By Mr. DEFAZIO (for himself, Mr. THOMPSON of Mississippi, Mr. WAXMAN, and Mr. CONYERS):

H.R. 5963. A bill to modify certain post-employment restrictions with respect to officers and employees of the Department of Homeland Security; to the Committee on the Judiciary.

By Mr. DEFAZIO:

H.R. 5964. A bill to establish management priorities for Federal forest lands in Oregon and Washington covered by the Northwest Forest Plan that will protect old growth timber while improving the health of young managed stands, increasing the volume of commercial timber available from these lands, and providing economic opportunities in rural areas, and for other purposes; to the Committee on Agriculture, and in addition to the Committee on Resources, for a period to be subsequently determined by the Speaker, in each case for consideration of such provisions as fall within the jurisdiction of the committee concerned.

By Mr. HOYER (for himself, Mr. DINGELL, Mr. SKELTON, Mr. OBERSTAR, Mr. SPRATT, Mr. OBEY, Mr. FRANK of Massachusetts, Mr. GORDON, Mr. BERMAN, Mr. UDALL of Colorado, Ms. HERSETH, Mr. BLUMENAUER, Mr. SCHIFF, Mr. ACKERMAN, Ms. BEAN, Ms. BERKLEY, Mr. BISHOP of New York, Mr. BOUCHER, Ms. CORRINE BROWN of Florida, Mr. CARDIN, Mr. CASE, Mr. CLEAVER, Mr. COSTA, Mr. CUMMINGS, Mr. DAVIS of Florida, Ms. DELAURO, Mr. ETHERIDGE, Mr. FATTAH, Mr. HOLT, Mr. KILDEE, Mr. KIND, Mr. KUCINICH, Ms. LEE, Ms. MATSUI, Ms. MCCOLLUM of Minnesota, Mr. MCGOVERN, Ms. MOORE of Wisconsin, Ms. NORTON, Mr. PRICE of North Carolina, Mr. REYES, Mr. SABO, Ms. SCHWARTZ of Pennsylvania, Mr. SERRANO, Mr. SMITH of Washington, Mrs. TAUSCHER, Mr. VAN HOLLEN, Mr. MILLER of North Carolina, Mr. ROSS, Ms. DEGETTE, Mr. CLAY, Mr. GONZALEZ, Mr. RUPPERSBERGER, Mr. DAVIS of Illinois, Mr. MORAN of Virginia, and Mr. HINOJOSA):

H.R. 5965. A bill to strengthen national security and promote energy independence by reducing the Nation's reliance on foreign oil, improving vehicle technology and efficiency, increasing the distribution of alternative fuels, bolstering rail infrastructure, and expanding access to public transit; to the Committee on Energy and Commerce, and in addition to the Committees on Armed Services, Government Reform, Rules, Science, Ways and Means, House Administration, and Transportation and Infrastructure, for a period to be subsequently determined by the Speaker, in each case for consideration of such provisions as fall within the jurisdiction of the committee concerned.

By Mr. SMITH of New Jersey:

H.R. 5966. A bill to end the use of child soldiers in hostilities around the world, and for other purposes; to the Committee on International Relations.

By Mr. HENSARLING:

H.R. 5967. A bill to provide for increased funding for veterans health care for fiscal year 2007, and for other purposes; to the Committee on Veterans' Affairs, and in addition to the Committees on the Judiciary, and Energy and Commerce, for a period to be subsequently determined by the Speaker, in each case for consideration of such provisions as fall within the jurisdiction of the committee concerned.

By Mr. HENSARLING:

H.R. 5968. A bill to provide for increased funding for veterans health care for fiscal year 2007, and for other purposes; to the Committee on Veterans' Affairs, and in addition to the Committee on Education and the Workforce, for a period to be subsequently determined by the Speaker, in each case for consideration of such provisions as fall within the jurisdiction of the committee concerned.

By Mr. DOGGETT (for himself, Mr. RANGEL, Mr. STARK, Mr. HOYER, Mr. CLYBURN, Mr. LARSON of Connecticut, Mr. MCDERMOTT, Mr. LEWIS of Georgia, Mr. NEAL of Massachusetts, Mr. MCNULTY, Mr. BECERRA, Mrs. JONES of Ohio, Mr. EMANUEL, Mr. ABERCROMBIE, Mr. ACKERMAN, Mr. ALLEN, Mr. ANDREWS, Mr. BACA, Ms. BALDWIN, Mr. BERMAN, Mr. BERRY, Mr. BISHOP of Georgia, Mr. BISHOP of New York, Ms. CORRINE BROWN of Florida, Mr. BROWN of Ohio, Mr. BUTTERFIELD, Mrs. CAPPS, Mr. CAPUANO, Mr. CARDOZA, Ms. CARSON, Mrs. CHRISTENSEN, Mr. CLAY, Mr. CLEAVER, Mr. CONYERS, Mr. COSTELLO, Mr. CROWLEY, Mr. CUELLAR, Mr. CUMMINGS, Mr. DAVIS of Alabama, Mr. DAVIS of Illinois, Ms. DEGETTE, Mr. DELAHUNT, Ms. DELAURO, Mr. DICKS, Mr. DOYLE, Mr. EDWARDS, Mr. ENGEL, Mr. FARR, Mr. FATTAH, Mr. FILNER, Mr. FRANK of Massachusetts, Mr. GONZALEZ, Mr. GORDON, Mr. AL GREEN of Texas, Mr. GENE GREEN of Texas, Mr. GRIJALVA, Mr. GUTIERREZ, Ms. HARMAN, Mr. HASTINGS of Florida, Mr. HIGGINS, Mr. HINCHEY, Mr. HINOJOSA, Mr. HONDA, Mr. INSLEE, Mr. ISRAEL, Mr. JACKSON of Illinois, Ms. JACKSON-LEE of Texas, Ms. EDDIE BERNICE JOHNSON of Texas, Ms. KAPTUR, Mr. KENNEDY of Rhode Island, Mr. KILDEE, Ms. KILPATRICK of Michigan, Mr. KUCINICH, Mr. LANGEVIN, Ms. LEE, Mrs. LOWEY, Mrs. MALONEY, Ms. MATSUI, Ms. MCCOLLUM of Minnesota, Mr. MCGOVERN, Ms. MCKINNEY, Mr. MEEHAN, Mr. MEEK of Florida, Mr. MEEKS of New York, Ms. MILLENDER-MCDONALD, Mr. MILLER of North Carolina, Mr. GEORGE MILLER of California, Mr. MOLLOHAN, Ms. MOORE of Wisconsin, Mr. MORAN of Virginia, Mr. NADLER, Mrs. NAPOLITANO, Ms. NORTON, Mr. OBERSTAR, Mr. OLVER, Mr. ORTIZ, Mr. OWENS, Mr. PALLONE, Mr. PASCRELL, Mr. PASTOR, Mr. PAYNE, Mr. PRICE of North Carolina, Mr. REYES, Ms. ROYBAL-ALLARD, Mr. RUSH, Mr. RYAN of Ohio, Ms. LINDA T. SÁNCHEZ of California, Ms. LORETTA SANCHEZ of California, Mr. SANDERS, Ms. SCHAKOWSKY, Ms. SCHWARTZ of Pennsylvania, Mr. SCOTT of Virginia, Mr. SCOTT of Georgia, Mr. SERRANO, Ms. SLAUGHTER, Ms. SOLIS, Mr. THOMPSON of Mississippi, Mr. TIERNEY, Mr. TOWNS, Mr. UDALL of New Mexico, Mr. VAN HOLLEN, Ms. VELÁZQUEZ, Ms. WASSERMAN SCHULTZ, Ms. WATERS, Ms. WATSON, Mr. WATT, Mr. WAXMAN, Mr. WEINER, Mr. WEXLER, Ms. WOOLSEY, Mr. WU, and Mr. WYNN):

H.R. 5969. A bill to amend part D of title XVIII of the Social Security Act to assist low-income individuals in obtaining subsidized prescription drug coverage under the Medicare prescription drug program by expediting the application and qualification process, by increasing the maximum permissible resource level for eligibility for such subsidies, and by waiving any late enrollment penalty for the first 24 uncovered months; to the Committee on Ways and Means, and in addition to the Committee on Energy and Commerce, for a period to be subsequently determined by the Speaker, in each case for consideration of such provisions as fall within the jurisdiction of the committee concerned.

By Mr. THOMAS (for himself, Mr. BOEHNER, Mr. BLUNT, and Mr. MCKEON):

H.R. 5970. A bill to amend the Internal Revenue Code of 1986 to increase the unified credit against the estate tax to an exclusion equivalent of $5,000,000, to repeal the sunset

provision for the estate and generation-skipping taxes, and to extend expiring provisions, and for other purposes; to the Committee on Ways and Means, and in addition to the Committees on Energy and Commerce, Education and the Workforce, and Resources, for a period to be subsequently determined by the Speaker, in each case for consideration of such provisions as fall within the jurisdiction of the committee concerned. Considered and passed.

By Mrs. KELLY (for herself and Mrs. JOHNSON of Connecticut):

H.R. 5971. A bill to establish the Health Information Technology Loan Program within the Small Business Administration; to the Committee on Small Business.

By Mr. HUNTER (for himself, Mr. MICA, Mr. REYES, Mr. MCINTYRE, Mr. SMITH of New Jersey, Mr. BILBRAY, Mr. REYNOLDS, Mr. HALL, Mr. ROYCE, Mr. RENZI, Mr. CALVERT, Mr. HAYWORTH, Mr. ROGERS of Kentucky, Mr. DUNCAN, Mr. DAVIS of Kentucky, Mr. BROWN of South Carolina, Mr. BASS, Mr. KLINE, Mr. CASTLE, Mr. CANTOR, Mr. WALDEN of Oregon, Mr. ROHRABACHER, Mr. RADANOVICH, Mr. TIBERI, Mr. PORTER, Mr. BRADLEY of New Hampshire, Mrs. WILSON of New Mexico, Mr. WELDON of Pennsylvania, Mr. AKIN, Mr. ADERHOLT, Mr. CULBERSON, Mr. POE, Mrs. BIGGERT, Mr. WAMP, Mr. WOLF, Mr. BURTON of Indiana, Ms. PRYCE of Ohio, Mr. EVERETT, Mr. SOUDER, Mr. ROGERS of Alabama, Mr. HOEKSTRA, Mr. ENGLISH of Pennsylvania, and Mr. GINGREY):

H.R. 5972. A bill to provide for the payment of compensation to members of the Armed Forces and civilian employees of the United States who, as prisoners of war, performed slave labor for Japanese corporations during World War II, to authorize the Secretary of Defense to accept contributions in order to provide additional compensation to such members and employees, to encourage Japanese corporations that benefitted from the use of slave labor to make contributions for such additional compensation, and for other purposes; to the Committee on Armed Services, and in addition to the Committees on Veterans' Affairs, and Government Reform, for a period to be subsequently determined by the Speaker, in each case for consideration of such provisions as fall within the jurisdiction of the committee concerned.

By Mr. DENT (for himself, Mr. WYNN, Mr. INGLIS of South Carolina, and Mr. LARSON of Connecticut):

H.R. 5973. A bill to amend the Internal Revenue Code of 1986 to allow a credit for the installation of hydrogen fueling stations, and for other purposes; to the Committee on Ways and Means.

By Mr. CANNON:

H.R. 5974. A bill to amend the Inspector General Act of 1978 and the Legal Services Corporation Act to provide appropriate removal procedures for the Inspector General of the Legal Services Corporation, and for other purposes; to the Committee on Government Reform, and in addition to the Committee on the Judiciary, for a period to be subsequently determined by the Speaker, in each case for consideration of such provisions as fall within the jurisdiction of the committee concerned.

By Mr. ALLEN (for himself, Mrs. EMERSON, Mr. WAXMAN, Mr. EHLERS, Mr. BERRY, Mr. BURTON of Indiana, Mr. BROWN of Ohio, and Mr. GUTKNECHT):

H.R. 5975. A bill to require the Agency for Healthcare Research and Quality, in consultation with the Director of the National Institutes of Health, to conduct research to develop valid scientific evidence regarding comparative clinical effectiveness, outcomes, and appropriateness of prescription drugs, medical devices, and procedures, and for other purposes; to the Committee on Energy and Commerce.

By Mr. BAKER:

H.R. 5976. A bill to provide for a hardship waiver for recoupment of certain Medicare payments; to the Committee on Ways and Means.

By Mr. BARTLETT of Maryland (for himself, Mr. JONES of North Carolina, Mrs. EMERSON, Mr. TANCREDO, and Mr. WELDON of Pennsylvania):

H.R. 5977. A bill to amend the Immigration and Nationality Act and title IV of the Social Security Act to provide for the denial of family classification petitions filed by an individual who owes child support arrearages; to the Committee on the Judiciary, and in addition to the Committee on Ways and Means, for a period to be subsequently determined by the Speaker, in each case for consideration of such provisions as fall within the jurisdiction of the committee concerned.

By Mr. BLUNT:

H.R. 5978. A bill to authorize the Secretary of the Interior to conduct a special resource study to determine the suitability and feasibility of including the battlefields and related sites of the First and Second Battles of Newtonia, Missouri, during the Civil War as part of Wilson's Creek National Battlefield or designating the battlefields and related sites as a separate unit of the National Park System, and for other purposes; to the Committee on Resources.

By Mr. BOOZMAN:

H.R. 5979. A bill to prevent abusive practices by pharmaceutical benefit managers (PBMs); to the Committee on Energy and Commerce.

By Mr. BOOZMAN (for himself, Mr. HALL, Mr. SKELTON, Mr. BERRY, Mr. SNYDER, Mr. ROSS, Mr. FORD, Mr. REYES, Mr. NUNES, Mr. CALVERT, and Mrs. BLACKBURN):

H.R. 5980. A bill to direct the Secretary of the Interior to conduct a resource study along the ''Ox-Bow Route'' of the Butterfield Overland Trail in the States of Missouri, Tennessee, Arkansas, Oklahoma, Texas, New Mexico, Arizona, and California, and for other purposes; to the Committee on Resources.

By Mr. BOSWELL:

H.R. 5981. A bill to limit the noncompetitive award of Federal contracts in response to major disasters and emergencies, and for other purposes; to the Committee on Government Reform.

By Mr. BOSWELL:

H.R. 5982. A bill to amend the Internal Revenue Code of 1986 to allow a credit against tax for qualified tuition and related expenses; to the Committee on Ways and Means.

By Mr. BROWN of Ohio (for himself, Mr. MARKEY, Mr. WAXMAN, Mr. BLUMENAUER, Mr. WEXLER, Mrs. DAVIS of California, and Mr. DAVIS of Florida):

H.R. 5983. A bill to amend title XVIII of the Social Security Act to eliminate the in the home restriction for Medicare coverage of mobility devices for individuals with expected long-term needs; to the Committee on Energy and Commerce, and in addition to the Committee on Ways and Means, for a period to be subsequently determined by the Speaker, in each case for consideration of such provisions as fall within the jurisdiction of the committee concerned.

By Mr. CAMP of Michigan:

H.R. 5984. A bill to establish a program to reunite bondholders with matured unredeemed Federal savings bonds; to the Committee on Ways and Means.

By Mr. CARDOZA:

H.R. 5985. A bill to amend the Internal Revenue Code of 1986 to extend and modify conservation and energy efficiency tax incentives, to extend the energy efficient appliance rebate program, to establish the Center for Advanced Solar Research, and for other purposes; to the Committee on Ways and Means, and in addition to the Committees on Financial Services, Science, and Energy and Commerce, for a period to be subsequently determined by the Speaker, in each case for consideration of such provisions as fall within the jurisdiction of the committee concerned.

By Mr. CHOCOLA (for himself, Mr. HERGER, Mr. WELLER, Ms. HART, Mr. ENGLISH of Pennsylvania, Mr. PENCE, Mr. SOUDER, Mr. GINGREY, Mr. FLAKE, Mr. BARRETT of South Carolina, Mr. GUTKNECHT, Mr. KUHL of New York, Mr. RADANOVICH, Mr. PAUL, Mr. CAMPBELL of California, Mr. PITTS, and Mr. RYAN of Wisconsin):

H.R. 5986. A bill to amend the Internal Revenue Code of 1986 to eliminate the limitation on the foreign earned income exclusion, and for other purposes; to the Committee on Ways and Means.

By Mr. COLE of Oklahoma:

H.R. 5987. A bill to provide for a feasibility study of alternatives to augment the water supplies of the Central Oklahoma Master Conservancy District and cities served by the District; to the Committee on Resources.

By Mr. DAVIS of Illinois (for himself, Mr. OWENS, Mr. SCOTT of Virginia, and Mr. PAYNE):

H.R. 5988. A bill to amend the Higher Education Act of 1965 to authorize grant programs to enhance the access of low-income Black students to higher education; to the Committee on Education and the Workforce.

By Mr. DAVIS of Illinois:

H.R. 5989. A bill to designate the facility of the United States Postal Service located at 10240 Roosevelt Road in Westchester, Illinois, as the 'John J. Sinde Post Office Building'; to the Committee on Government Reform.

By Mr. DAVIS of Illinois:

H.R. 5990. A bill to designate the facility of the United States Postal Service located at 415 South 5th Avenue in Maywood, Illinois, as the 'Wallace W. Sykes Post Office Building'; to the Committee on Government Reform.

By Ms. DELAURO:

H.R. 5991. A bill to prohibit the injection of carbon monoxide in meat products; to the Committee on Agriculture.

By Ms. DELAURO (for herself, Mr. ALLEN, Mr. RYAN of Ohio, and Ms. BORDALLO):

H.R. 5992. A bill to establish demonstration projects to provide at-home infant care benefits; to the Committee on Education and the Workforce.

By Mrs. EMERSON (for herself, Mr. MOORE of Kansas, Mr. BOOZMAN, Mr. WAMP, and Mr. BERRY):

H.R. 5993. A bill to amend the Federal Food, Drug, and Cosmetic Act to prohibit the marketing of authorized generic drugs; to the Committee on Energy and Commerce.

By Mrs. EMERSON (for herself, Mr. SKELTON, Mr. BLUNT, Mr. HULSHOF, Mr. CLAY, Mr. AKIN, Mr. CARNAHAN, Mr. GRAVES, and Mr. CLEAVER):

H.R. 5994. A bill to designate the outpatient clinic of the Department of Veterans Affairs in Farmington, Missouri, as the ''Robert Silvey Department of Veterans Affairs Clinic''; to the Committee on Veterans' Affairs.

By Mr. ENGEL:

H.R. 5995. A bill to repeal the prohibitions on United States assistance to countries

that are parties to the International Criminal Court; to the Committee on International Relations.

By Mr. FOSSELLA:

H.R. 5996. A bill to establish the Raritan Bay Stewardship Initiative; to the Committee on Resources, and in addition to the Committee on Transportation and Infrastructure, for a period to be subsequently determined by the Speaker, in each case for consideration of such provisions as fall within the jurisdiction of the committee concerned.

By Mr. GRIJALVA:

H.R. 5997. A bill to amend the Intermodal Surface Transportation Efficiency Act of 1991 to identify a western passage of the CANAMEX Corridor in Arizona, and for other purposes; to the Committee on Transportation and Infrastructure.

By Mr. GUTIERREZ (for himself, Mr. HASTINGS of Florida, Mr. NADLER, Mr. CUMMINGS, Ms. CORRINE BROWN of Florida, Mr. STRICKLAND, Mr. SANDERS, Mr. OWENS, Mr. THOMPSON of Mississippi, Mr. CAPUANO, Mr. MCGOVERN, Mr. MCNULTY, Ms. WATERS, Ms. SCHAKOWSKY, Mr. EVANS, Mr. FATTAH, Mr. HINCHEY, Ms. BALDWIN, Mr. LANTOS, Mr. JACKSON of Illinois, and Mr. TIERNEY):

H.R. 5998. A bill to provide for livable wages for Federal Government workers and workers hired under Federal contracts; to the Committee on Government Reform, and in addition to the Committee on Education and the Workforce, for a period to be subsequently determined by the Speaker, in each case for consideration of such provisions as fall within the jurisdiction of the committee concerned.

By Mr. HASTINGS of Washington (for himself and Mr. REICHERT):

H.R. 5999. A bill to provide for the conveyance of a parcel of National Forest System land in Kittitas County, Washington, to facilitate the construction of a new fire and rescue station, and for other purposes; to the Committee on Resources.

By Mr. HOLDEN:

H.R. 6000. A bill to revise the Farmland Protection Program of the Department of Agriculture; to the Committee on Agriculture.

By Mr. JINDAL:

H.R. 6001. A bill to require the Director of the Federal Emergency Management Agency to establish an identity verification system that ensures that disaster assistance payments are paid only to qualified individuals; to the Committee on Transportation and Infrastructure.

By Mrs. KELLY:

H.R. 6002. A bill to amend the Internal Revenue Code of 1986 to allow a deduction for certain travel expenses of qualified emergency volunteers; to the Committee on Ways and Means.

By Mr. KENNEDY of Rhode Island:

H.R. 6003. A bill to reduce post traumatic stress disorder and other combat-related stress disorders among military personnel, and for other purposes; to the Committee on Armed Services.

By Mr. KENNEDY of Rhode Island:

H.R. 6004. A bill to amend the Internal Revenue Code of 1986 to allow certain small businesses to defer payment of tax; to the Committee on Ways and Means.

By Mrs. LOWEY:

H.R. 6005. A bill to provide additional security for nuclear facilities under certain circumstances; to the Committee on Transportation and Infrastructure.

By Mrs. LOWEY:

H.R. 6006. A bill to amend the Internal Revenue Code of 1986 to provide an increased exclusion of gain from the sale of a principal residence by certain widows and widowers; to the Committee on Ways and Means.

By Mr. MCCAUL of Texas:

H.R. 6007. A bill to address critical needs for additional resources, coordination between Federal, State, and local law enforcement, and supplemental funding, to support border security activities of State and local law enforcement agencies, including sheriffs, in regions near an international land border of the United States; to the Committee on Homeland Security.

By Ms. MCCOLLUM of Minnesota (for herself, Mr. BISHOP of New York, and Mr. GRIJALVA):

H.R. 6008. A bill to reduce and prevent the sale and use of fraudulent degrees in order to protect the integrity of valid higher education degrees that are used for Federal purposes; to the Committee on Education and the Workforce, and in addition to the Committees on Energy and Commerce, Government Reform, the Judiciary, and Rules, for a period to be subsequently determined by the Speaker, in each case for consideration of such provisions as fall within the jurisdiction of the committee concerned.

By Mr. MEEHAN:

H.R. 6009. A bill to address problem gambling; to the Committee on Energy and Commerce.

By Mrs. MILLER of Michigan:

H.R. 6010. A bill to ensure that flood level estimates in the Great Lakes basin represent true flood risk; to the Committee on Financial Services.

By Mr. OSBORNE:

H.R. 6011. A bill to authorize the Secretary of Education and the Secretary of Labor to make grants to advance treatment, education, and employment programs for youth with serious mental, psychological, behavioral, and emotional difficulties, so that they may obtain professional assistance necessary in order to be successful in their lives and contribute to the economy, and for other purposes; to the Committee on Education and the Workforce.

By Mr. PEARCE:

H.R. 6012. A bill to amend title 5, United States Code, to increase the maximum age for the original appointment of a retired member of the Armed Forces to a border patrol agent position, and for other purposes; to the Committee on Government Reform.

By Mr. PEARCE:

H.R. 6013. A bill to amend the Act of August 21, 1935, to extend the authorization for the National Park System Advisory Board, and for other purposes; to the Committee on Resources.

By Mr. POMBO:

H.R. 6014. A bill to authorize the Secretary of the Interior, acting through the Bureau of Reclamation, to improve California's Sacramento-San Joaquin Delta and water supply; to the Committee on Resources.

By Mr. ROGERS of Alabama (for himself, Mr. BLUNT, Mr. CANTOR, Mr. HUNTER, Mr. TANCREDO, Mr. MCCAUL of Texas, Mr. MCCOTTER, Mr. JONES of North Carolina, Mr. EVERETT, Mr. BACHUS, Mr. ADERHOLT, Mr. BONNER, and Mrs. MUSGRAVE):

H.R. 6015. A bill to enhance border security through the use of temporary support personnel, expansion of Border Patrol agent training, increased hiring authority, support for local law enforcement agencies, and for other purposes; to the Committee on Homeland Security.

By Mr. SHERMAN:

H.R. 6016. A bill to prohibit the sales of certain defense articles and defense services to Pakistan unless the President adheres to long-standing practice and procedures relating to congressional review of proposed sales of defense articles and defense services; to the Committee on International Relations.

By Mr. SIMMONS:

H.R. 6017. A bill to provide for transitional emergency assistance to certain members of the Armed Forces and veterans who are severely injured in the Global War on Terror, to expand and improve programs for caregiver services for those members and veterans, and for other purposes; to the Committee on Armed Services, and in addition to the Committees on Veterans' Affairs, and Ways and Means, for a period to be subsequently determined by the Speaker, in each case for consideration of such provisions as fall within the jurisdiction of the committee concerned.

By Mr. SIMMONS (for himself, Mr. JEFFERSON, Mr. HOLDEN, Mr. RADANOVICH, Mr. MCINTYRE, Mr. ETHERIDGE, and Mr. COSTA):

H.R. 6018. A bill to provide temporary duty reductions for certain cotton fabrics, and for other purposes; to the Committee on Ways and Means, and in addition to the Committees on Agriculture, and Financial Services, for a period to be subsequently determined by the Speaker, in each case for consideration of such provisions as fall within the jurisdiction of the committee concerned.

By Ms. SLAUGHTER (for herself and Mr. REYNOLDS):

H.R. 6019. A bill to establish the Niagara Falls National Heritage Area in the State of New York, and for other purposes; to the Committee on Resources.

By Mr. TIERNEY (for himself, Mr. SHIMKUS, Mr. CASE, Mr. FILNER, Ms. MCCOLLUM of Minnesota, Mr. HINOJOSA, Mr. OWENS, Mr. MCGOVERN, Mr. POMEROY, Mr. BISHOP of New York, Mr. MEEHAN, Ms. BALDWIN, Mr. DAVIS of Illinois, Mr. FRANK of Massachusetts, Mr. NEAL of Massachusetts, Mr. RYAN of Ohio, Mr. KILDEE, Mr. KIND, Mr. CAPUANO, Mr. GRIJALVA, Mr. MARKEY, Mr. SCOTT of Virginia, Mr. OLVER, Mr. ALLEN, Mr. ANDREWS, Mr. DELAHUNT, Mrs. JONES of Ohio, Mr. HIGGINS, Mr. MCINTYRE, Ms. SLAUGHTER, Mrs. MALONEY, Mr. KENNEDY of Rhode Island, Mr. KUCINICH, Mr. CONYERS, Mr. SIMMONS, Ms. JACKSON-LEE of Texas, Ms. ZOE LOFGREN of California, Mr. LYNCH, Mr. PAYNE, Mr. GEORGE MILLER of California, Mr. WYNN, Mr. HONDA, Mrs. MCCARTHY, Mr. MICHAUD, Ms. HOOLEY, Mr. MCCOTTER, Mr. RUPPERSBERGER, Mr. BROWN of Ohio, Mr. CLEAVER, Mr. FORTENBERRY, Ms. MATSUI, Mr. HOLT, Mr. BUTTERFIELD, Mr. UDALL of New Mexico, Mr. MCHUGH, Mr. LIPINSKI, Ms. MILLENDER-MCDONALD, Ms. MOORE of Wisconsin, Mr. FORD, Mr. MILLER of North Carolina, Mr. VAN HOLLEN, Mr. GUTIERREZ, Mr. CARNAHAN, Ms. ESHOO, Ms. SCHAKOWSKY, and Mr. LEVIN):

H.R. 6020. A bill to support business incubation in academic settings, and for other purposes; to the Committee on Education and the Workforce.

By Mr. WALDEN of Oregon:

H.R. 6021. A bill to permit the proceeds of certain agriculture grants to be used for a revolving loan fund, and for other purposes; to the Committee on Agriculture.

By Mr. WAXMAN (for himself, Mr. PALLONE, and Ms. DELAURO):

H.R. 6022. A bill to amend the Federal Food, Drug, and Cosmetic Act with respect to market exclusivity for certain drugs, and for other purposes; to the Committee on Energy and Commerce.

By Mr. WELDON of Pennsylvania (for himself and Mr. ABERCROMBIE):

H.R. 6023. A bill to prohibit the owner of a foreign vessel having the capacity to transport more than 100 passengers from using a

United States port if the owner does not notify the Federal Bureau of Investigation within 24 hours of a crime against the person of a United States citizen on the vessel, and for other purposes; to the Committee on Transportation and Infrastructure, and in addition to the Committee on the Judiciary, for a period to be subsequently determined by the Speaker, in each case for consideration of such provisions as fall within the jurisdiction of the committee concerned.

By Mr. WHITFIELD (for himself, Mr. HEFLEY, Mr. BASS, Mr. JONES of North Carolina, Mr. UPTON, Mr. MILLER of Florida, Mr. PENCE, Mr. TERRY, Ms. GINNY BROWN-WAITE of Florida, Mr. STEARNS, and Mr. ENGLISH of Pennsylvania):

H.R. 6024. A bill to provide a biennial budget for the United States Government; which was referred to the Committee on the Budget for a period ending not later than September 29, 2006, and in addition to the Committees on Rules and Government Reform, for a period to be subsequently determined by the Speaker, in each case for consideration of such provisions as fall within the jurisdiction of the committee concerned.

By Mr. WHITFIELD:

H.R. 6025. A bill to promote coal-to-liquid fuel activities; to the Committee on Energy and Commerce, and in addition to the Committee on Science, for a period to be subsequently determined by the Speaker, in each case for consideration of such provisions as fall within the jurisdiction of the committee concerned.

By Mr. YOUNG of Alaska:

H.R. 6026. A bill to authorize the Administrator of General Services to convey a parcel of real property to the Alaska Railroad Corporation in exchange for replacement property and other consideration; to the Committee on Transportation and Infrastructure.

By Mr. HASTINGS of Washington:

H. Con. Res. 459. Concurrent resolution providing for an adjournment or recess of the two Houses; considered and agreed to.

By Mr. ALEXANDER:

H. Con. Res. 460. Concurrent resolution expressing the sense of Congress that American oil companies should build additional refining capacity on existing refinery campuses; to the Committee on Energy and Commerce.

By Mr. BOUSTANY:

H. Con. Res. 461. Concurrent resolution expressing the support of the Congress for the creation of a National Hurricane Museum and Science Center in southwest Louisiana; to the Committee on Resources.

By Mrs. CAPPS (for herself and Mr. FOLEY):

H. Con. Res. 462. Concurrent resolution supporting the goals and ideals of National Peripheral Arterial Disease Awareness Week; to the Committee on Energy and Commerce.

By Mr. DAVIS of Illinois (for himself and Mr. SHIMKUS):

H. Con. Res. 463. Concurrent resolution expressing the sense of Congress regarding textbook equity; to the Committee on Education and the Workforce.

By Mr. STARK (for himself, Mrs. NAPOLITANO, Mr. HINOJOSA, and Mr. ORTIZ):

H. Con. Res. 464. Concurrent resolution recognizing and honoring the 20th anniversary of the founding of the Lambda Theta Nu Sorority, Incorporated, the first intercollegiate Greek-letter sorority established for Latina college women on the West Coast; to the Committee on Education and the Workforce.

By Mr. THOMPSON of California (for himself, Mr. MCHUGH, Mr. MCDERMOTT, Mr. TOM DAVIS of Virginia, Mr. SKELTON, Mr. JEFFERSON, Mr. SHERWOOD, Mr. SCHIFF, Ms. PELOSI, and Mr. GEORGE MILLER of California):

H. Con. Res. 465. Concurrent resolution expressing the sense of the Congress regarding the need for additional research into the chronic neurological condition hydrocephalus, and for other purposes; to the Committee on Energy and Commerce.

By Mr. WATT (for himself, Mr. BISHOP of Georgia, Mr. BUTTERFIELD, Ms. CORRINE BROWN of Florida, Ms. CARSON, Mrs. CHRISTENSEN, Mr. CLAY, Mr. CLEAVER, Mr. CLYBURN, Mr. CONYERS, Mr. CUMMINGS, Mr. DAVIS of Alabama, Mr. DAVIS of Illinois, Mr. FATTAH, Mr. FORD, Mr. AL GREEN of Texas, Mr. HASTINGS of Florida, Mr. JACKSON of Illinois, Ms. JACKSON-LEE of Texas, Mr. JEFFERSON, Ms. EDDIE BERNICE JOHNSON of Texas, Mrs. JONES of Ohio, Ms. KILPATRICK of Michigan, Ms. LEE, Mr. LEWIS of Georgia, Ms. MCKINNEY, Mr. MEEK of Florida, Mr. MEEKS of New York, Ms. MILLENDER-MCDONALD, Ms. MOORE of Wisconsin, Ms. NORTON, Mr. OWENS, Mr. PAYNE, Mr. RANGEL, Mr. RUSH, Mr. SCOTT of Georgia, Mr. SCOTT of Virginia, Mr. THOMPSON of Mississippi, Mr. TOWNS, Ms. WATERS, Ms. WATSON, and Mr. WYNN):

H. Con. Res. 466. Concurrent resolution observing the one year anniversary of the date on which the Gulf Coast region was struck by Hurricane Katrina, acknowledging the significant deficiencies that still exist in the ability of cities in the Gulf Coast region to provide necessary social services and subsistence to their residents or to attract the return of many displaced residents, and reaffirming the commitment of Congress to assist in rebuilding the Gulf Coast region, improving the quality of life for all its residents, and ending poverty in America; to the Committee on Transportation and Infrastructure.

By Mrs. TAUSCHER (for herself, Mr. HONDA, Mr. OBERSTAR, Ms. PELOSI, Mr. DREIER, Ms. MATSUI, Mrs. NAPOLITANO, Ms. ZOE LOFGREN of California, Mr. LANTOS, Mrs. CAPPS, Mr. FARR, Mr. BECERRA, Mr. SHERMAN, Ms. WATSON, Mr. COSTA, Ms. LINDA T. SÁNCHEZ of California, Mr. BERMAN, Mr. GEORGE MILLER of California, Mr. LEWIS of California, Ms. WOOLSEY, Ms. ESHOO, Mr. GARY G. MILLER of California, Mr. SCHIFF, Mr. CALVERT, Ms. LEE, Ms. HARMAN, Mr. DAVIS of Tennessee, Ms. EDDIE BERNICE JOHNSON of Texas, Ms. NORTON, Mr. HOLDEN, Mr. LARSEN of Washington, Mr. SIMMONS, Mr. BISHOP of New York, Mr. CUMMINGS, Mr. BOOZMAN, Ms. BERKLEY, Mr. COBLE, Mr. MATHESON, Mr. BLUMENAUER, Mr. SHUSTER, Mr. BOUSTANY, Ms. SOLIS, Ms. MILLENDER-MCDONALD, Mr. DEFAZIO, Mr. PORTER, Mr. WAXMAN, Mr. HIGGINS, Mr. THOMPSON of California, Mr. CARNAHAN, Mr. CARDOZA, Mr. CAMPBELL of California, Mr. RADANOVICH, Mr. KENNEDY of Minnesota, Ms. ROYBAL-ALLARD, Mr. BILBRAY, Mr. ROHRABACHER, Mr. ISSA, Mr. HERGER, Mr. DANIEL E. LUNGREN of California, Mr. ROYCE, Mr. BACA, Mrs. DAVIS of California, Mr. GALLEGLY, Ms. BORDALLO, Mr. FALEOMAVAEGA, Mr. STARK, Mr. THOMAS, Mr. FILNER, Ms. WATERS, Ms. LORETTA SANCHEZ of California, and Mr. PETRI):

H. Res. 963. A resolution congratulating and thanking Secretary of Transportation Norman Y. Mineta for his 40 years of dedicated service to the people of the United States; to the Committee on House Administration.

By Mr. SMITH of New Jersey (for himself, Mr. MARKEY, Mr. HOLDEN, Mrs. MCCARTHY, Mr. BRADY of Pennsylvania, Ms. MILLENDER-MCDONALD, Mr. VAN HOLLEN, Ms. DELAURO, Mr. WEXLER, Mr. ALLEN, Mr. BROWN of Ohio, Mr. WAXMAN, Mr. KENNEDY of Rhode Island, Mr. HINCHEY, Mr. MCNULTY, and Mr. ETHERIDGE):

H. Res. 964. A resolution supporting the goals and ideals of National Alzheimer's Disease Awareness Month, and for other purposes; to the Committee on Energy and Commerce.

By Mr. LANTOS (for himself, Mr. HYDE, Mr. GALLEGLY, Mr. SMITH of New Jersey, Mr. ENGEL, Mr. BROWN of Ohio, Mr. BLUMENAUER, and Mr. HASTINGS of Florida):

H. Res. 965. A resolution commending the people of Montenegro on the conduct of the referendum on independence, welcoming United States recognition of the sovereignty and independence of the Republic of Montenegro, and welcoming Montenegrin membership in the United Nations and other international organizations; to the Committee on International Relations.

By Mr. BLUMENAUER:

H. Res. 967. A resolution recognizing and honoring the 100th anniversary of the Iranian Constitutional Revolution; to the Committee on International Relations.

By Mr. COSTA (for himself, Mr. NUNES, Mr. RADANOVICH, Mr. CARDOZA, and Mr. POMBO):

H. Res. 968. A resolution recognizing the outstanding contributions of Stephen K. Hall to California agriculture and the California water community; to the Committee on Government Reform.

By Mr. DAVIS of Alabama (for himself, Mr. ENGEL, Mr. HASTINGS of Florida, Ms. KILPATRICK of Michigan, Mr. BRADY of Pennsylvania, Mr. CRAMER, Ms. WATSON, Mr. CARDIN, Mr. ISRAEL, Ms. MILLENDER-MCDONALD, Mr. LANTOS, Ms. MOORE of Wisconsin, Mr. MCGOVERN, Mrs. MALONEY, Mr. CONYERS, Mr. FATTAH, Ms. WASSERMAN SCHULTZ, Mr. FARR, Mr. RUPPERSBERGER, Mr. CROWLEY, Mr. EMANUEL, Mr. BISHOP of New York, Ms. ESHOO, and Ms. BALDWIN):

H. Res. 969. A resolution urging the Secretary of Defense to immediately institute a zero-tolerance policy with regard to racial and ethnic extremism in the military; to the Committee on Armed Services.

By Ms. JACKSON-LEE of Texas (for herself, Mrs. JONES of Ohio, Ms. LEE, Ms. WASSERMAN SCHULTZ, Ms. MATSUI, Mrs. CAPPS, Ms. WOOLSEY, Ms. SOLIS, Ms. KAPTUR, Mr. LANTOS, Mr. HASTINGS of Florida, Ms. MILLENDER-MCDONALD, Mrs. MCCARTHY, Mr. CLEAVER, Mr. KENNEDY of Rhode Island, Mr. CROWLEY, Mr. CONYERS, Ms. VELÁZQUEZ, Ms. HARMAN, Mrs. TAUSCHER, and Ms. MCCOLLUM of Minnesota):

H. Res. 970. A resolution denouncing the practices of female genital mutilation, domestic violence, ''honor'' killings, acid burning, dowry deaths, and other gender-based persecutions and expressing the sense of the House of Representatives that participation, protection, recognition, and independence of women is crucial to achieving a just, moral, and honorable society; to the Committee on International Relations.

By Mr. FITZPATRICK of Pennsylvania:

H. Res. 971. A resolution expressing the sense of the House of Representatives that the Congress should enact legislation to

slow, stop, and reverse the growth of the Nation's dependence on imported oil in ways that provide cleaner air, reduce emissions of carbon dioxide, and enhance America's competitiveness; to the Committee on Energy and Commerce.

By Mr. HASTINGS of Florida:

H. Res. 972. A resolution expressing the appreciation and gratitude of the House of Representatives to the governments and people of the Republic of Cyprus and the Republic of Turkey for the reception and hospitality offered to the American evacuees from Lebanon in July 2006; to the Committee on International Relations.

By Mr. HINOJOSA (for himself and Mrs. BIGGERT):

H. Res. 973. A resolution recognizing Financial Planning Week, recognizing the significant impact of sound financial planning on achieving life's goals, and honoring families and the financial planning profession for their adherence and dedication to the financial planning process; to the Committee on Government Reform.

By Mr. ISRAEL (for himself and Ms. FOXX):

H. Res. 974. A resolution supporting the goals and ideals of National Myositis Awareness Day; to the Committee on Government Reform.

By Mr. KING of Iowa (for himself, Mr. HENSARLING, Mr. GUTKNECHT, Mr. FEENEY, Mr. MCHENRY, Mr. CHABOT, Mr. SHADEGG, Mr. FLAKE, Mrs. JO ANN DAVIS of Virginia, Mr. BARTLETT of Maryland, Ms. FOXX, Mrs. CUBIN, Mr. MILLER of Florida, Mrs. MUSGRAVE, Mrs. MYRICK, Mr. PITTS, Mr. WESTMORELAND, Mr. FRANKS of Arizona, Mr. BURTON of Indiana, Mr. TANCREDO, Mrs. BLACKBURN, Mr. PAUL, Mr. COLE of Oklahoma, Mr. ROHRABACHER, Mr. GARRETT of New Jersey, Mr. AKIN, Mr. PEARCE, Mr. TERRY, and Mr. DUNCAN):

H. Res. 975. A resolution amending the Rules of the House of Representatives to require that rescission bills always be considered under open rules every year, and for other purposes; to the Committee on Rules.

By Mr. MCCAUL of Texas (for himself, Mr. CROWLEY, Ms. ROS-LEHTINEN, Mr. BURTON of Indiana, Mr. PENCE, Mr. MCCOTTER, Mr. ENGEL, Mr. HIGGINS, Mr. PEARCE, Mr. SOUDER, Mr. LEWIS of Georgia, Mr. MCGOVERN, Mr. CARTER, Ms. HARRIS, Mr. DOYLE, Mr. WEXLER, Mr. ISRAEL, Mr. MACK, Mr. LANTOS, Ms. BERKLEY, Mrs. MALONEY, Mr. NADLER, Mr. GEORGE MILLER of California, Mr. FRANK of Massachusetts, Mr. POE, Mr. ETHERIDGE, Mr. CARDOZA, Mr. FOSSELLA, Mr. GORDON, Mr. CLAY, and Mr. JEFFERSON):

H. Res. 976. A resolution condemning human rights abuses by the Government of the Islamic Republic of Iran and expressing solidarity with the Iranian people; to the Committee on International Relations.

By Ms. MCCOLLUM of Minnesota (for herself, Mr. KILDEE, Mr. GRIJALVA, Mr. HOLT, Mr. OBERSTAR, Mr. BOREN, Mr. DAVIS of Illinois, Mr. UDALL of Colorado, Mr. KIND, Mr. UDALL of New Mexico, Mr. MOORE of Kansas, Mr. GEORGE MILLER of California, Ms. HERSETH, Mr. FILNER, Mr. HINOJOSA, Mr. PAYNE, Mr. MORAN of Virginia, and Mr. KENNEDY of Rhode Island):

H. Res. 977. A resolution reinforcing the Federal Government's Federal trust relationship and commitment to working with American Indian Nations to empower, promote, and support the educational development of American Indian and Alaska Native children and youth; to the Committee on Education and the Workforce, and in addition to the Committee on Resources, for a period to be subsequently determined by the Speaker, in each case for consideration of such provisions as fall within the jurisdiction of the committee concerned.

By Mr. REYES (for himself, Mr. GONZALEZ, Mr. PEARCE, Mr. HINOJOSA, and Mr. ORTIZ):

H. Res. 978. A resolution expressing profound sorrow upon the death of Luis Jimenez and recognizing his distinguished career and great contributions to American art; to the Committee on Government Reform.

By Mr. UDALL of Colorado:

H. Res. 979. A resolution urging the President to issue a proclamation designating a National Ski & Snowboard Month to call attention to the need for all people to exercise and get outdoors during winter; to the Committee on Government Reform.

ADDITIONAL SPONSORS TO PUBLIC BILLS AND RESOLUTIONS

Under clause 7 of rule XII, sponsors were added to public bills and resolutions as follows:

H.R. 65: Mr. HAYWORTH, Mr. RUSH, Mr. MCCAUL of Texas, Mr. DEAL of Georgia, Miss MCMORRIS, Mr. BEAUPREZ, and Mr. WILSON of South Carolina.

H.R. 136: Mr. WELDON of Florida.

H.R. 390: Mr. MOORE of Kansas.

H.R. 450: Mr. ALLEN.

H.R. 503: Mr. BURTON of Indiana.

H.R. 517: Mr. HINOJOSA.

H.R. 550: Mr. EDWARDS, Mr. REYES, and Mr. LARSON of Connecticut.

H.R. 583: Mr. GOHMERT and Mr. BOUCHER.

H.R. 752: Mr. MOLLOHAN.

H.R. 772: Ms. LINDA T. SÁNCHEZ of California.

H.R. 807: Mr. BERMAN.

H.R. 817: Ms. BEAN, Mr. MURTHA, Mr. HALL, Mr. HUNTER, Mr. HULSHOF, Mr. BUYER, Mr. LEWIS of Kentucky, Mr. STEARNS, Mr. NORWOOD, Mr. REHBERG, Mr. WESTMORELAND, Mr. PRICE of Georgia, Mr. REYES, Mr. BISHOP of Georgia, Mr. SHADEGG, Mrs. SCHMIDT, Mr. MILLER of Florida, Mr. SODREL, Mr. KLINE, Mr. FORTENBERRY, Mr. DREIER, Mr. PUTNAM, and Ms. BORDALLO.

H.R. 818: Mr. JACKSON of Illinois.

H.R. 916: Mrs. DAVIS of California.

H.R. 959: Mr. COSTA and Mr. MCGOVERN.

H.R. 998: Mr. OBERSTAR.

H.R. 1124: Mr. GEORGE MILLER of California.

H.R. 1264: Mr. FITZPATRICK of Pennsylvania and Mr. CAPUANO.

H.R. 1306: Mr. HIGGINS and Mr. GENE GREEN of Texas.

H.R. 1322: Mrs. MALONEY, Mrs. LOWEY, Ms. LEE, Mr. RUPPERSBERGER, Mr. CUMMINGS, Ms. NORTON, Mr. DAVIS of Illinois, Mr. NADLER, Mr. RYAN of Ohio, Mr. DOYLE, Mr. BERMAN, Ms. SOLIS, and Mr. PASCRELL.

H.R. 1338: Mr. BROWN of Ohio.

H.R. 1366: Mr. SOUDER.

H.R. 1370: Mr. DANIEL E. LUNGREN of California.

H.R. 1471: Mr. REGULA and Mr. LIPINSKI.

H.R. 1554: Mr. DINGELL.

H.R. 1578: Mr. PETERSON of Pennsylvania and Ms. HARMAN.

H.R. 1591: Mr. CONYERS.

H.R. 1615: Mrs. NAPOLITANO and Mr. BROWN of Ohio.

H.R. 1652: Mr. SANDERS.

H.R. 1767: Mr. PLATTS.

H.R. 1898: Mr. PRICE of Georgia.

H.R. 1902: Ms. ESHOO.

H.R. 1951: Mr. CASE.

H.R. 2007: Mr. SALAZAR.

H.R. 2051: Mr. HIGGINS.

H.R. 2088: Mr. JINDAL, Mr. MCHENRY, Mr. ORTIZ, and Mr. FOLEY.

H.R. 2121: Mr. HINOJOSA.

H.R. 2122: Mr. MORAN of Virginia.

H.R. 2351: Ms. SCHWARTZ of Pennsylvania.

H.R. 2386: Mr. SHAW.

H.R. 2429: Mr. SCHIFF and Mr. DAVIS of Florida.

H.R. 2567: Mr. CASTLE.

H.R. 2629: Mr. KUHL of New York.

H.R. 2793: Mr. MCDERMOTT.

H.R. 2842: Mr. MURPHY, Mr. MACK, and Mrs. BLACKBURN.

H.R. 2945: Mr. KUCINICH.

H.R. 3044: Mr. BUTTERFIELD.

H.R. 3183: Mr. JENKINS, Mr. GOODLATTE, and Mr. MICA.

H.R. 3186: Mr. DAVIS of Kentucky.

H.R. 3195: Mrs. DAVIS of California and Ms. SCHAKOWSKY.

H.R. 3282: Mr. PUTNAM.

H.R. 3361: Mr. SMITH of Washington.

H.R. 3406: Ms. LINDA T. SÁNCHEZ of California.

H.R. 3427: Ms. BALDWIN.

H.R. 3436: Mr. REHBERG, Mr. FOLEY, and Mr. NEY.

H.R. 3476: Mr. LEVIN, Mr. GOHMERT, Mr. MCDERMOTT, and Ms. SCHWARTZ of Pennsylvania.

H.R. 3478: Mr. LEWIS of Kentucky.

H.R. 3559: Mr. DOYLE, Mr. RAHALL, and Mr. KINGSTON.

H.R. 3605: Mr. SHAYS, Mr. BERMAN, Ms. ZOE LOFGREN of California, Mr. JEFFERSON, and Mr. CARNAHAN.

H.R. 3628: Mr. CARNAHAN.

H.R. 3762: Mr. SWEENEY, Mr. REICHERT, Mr. PETRI, Mr. SIMMONS, and Mr. KING of New York.

H.R. 3874: Mr. GREEN of Wisconsin.

H.R. 3883: Mr. NUNES.

H.R. 4006: Mr. BROWN of Ohio and Mr. BOUCHER.

H.R. 4033: Mr. PAYNE.

H.R. 4144: Mrs. BLACKBURN and Mr. GOODE.

H.R. 4188: Mr. MILLER of North Carolina.

H.R. 4201: Mr. OWENS.

H.R. 4215: Mr. ORTIZ and Mr. CUMMINGS.

H.R. 4291: Ms. WOOLSEY.

H.R. 4293: Mr. CUMMINGS.

H.R. 4298: Mr. MEEHAN and Mr. CANTOR.

H.R. 4357: Mr. LEWIS of Kentucky.

H.R. 4366: Mr. GERLACH.

H.R. 4387: Mr. EMANUEL.

H.R. 4409: Mr. WELDON of Pennsylvania, Ms. MCKINNEY, Mrs. NAPOLITANO, and Mr. UDALL of Colorado.

H.R. 4562: Mr. KENNEDY of Minnesota and Mr. UPTON.

H.R. 4623: Mr. ROSS.

H.R. 4694: Mr. UDALL of New Mexico.

H.R. 4740: Mr. PITTS and Mr. ALEXANDER.

H.R. 4751: Mr. POMEROY.

H.R. 4767: Mr. GENE GREEN of Texas.

H.R. 4769: Ms. JACKSON-LEE of Texas and Ms. SCHWARTZ of Pennsylvania.

H.R. 4770: Mr. TIBERI, Mr. UPTON, Mr. ROGERS of Alabama, Ms. JACKSON-LEE of Texas, Mr. FATTAH, Mr. COLE of Oklahoma, Mr. BROWN of Ohio, Mr. GONZALEZ, Mr. WYNN, Mr. BRADY of Pennsylvania, Mr. MCDERMOTT, and Mr. SERRANO.

H.R. 4772: Mr. DAVIS of Kentucky.

H.R. 4775: Mr. EDWARDS.

H.R. 4800: Mr. STARK, Mr. KUCINICH, and Mr. PAYNE.

H.R. 4873: Mr. HOLDEN, Mr. SCHIFF, and Mr. OSBORNE.

H.R. 4922: Ms. FOXX.

H.R. 4927: Mr. DOOLITTLE and Ms. MATSUI.

H.R. 4937: Mr. SHAYS.

H.R. 4956: Ms. GINNY BROWN-WAITE of Florida.

H.R. 4961: Mr. AKIN.

H.R. 4980: Mr. PAYNE, Mr. DOYLE, and Mr. THOMPSON of Mississippi.

H.R. 4993: Mr. PAYNE and Mr. CUMMINGS.

H.R. 5000: Mr. SMITH of New Jersey.

H.R. 5005: Mr. BEAUPREZ, Mr. PORTER, and Mr. GENE GREEN of Texas.

H.R. 5017: Mr. CARDIN.
H.R. 5022: Mr. EDWARDS.
H.R. 5051: Mr. LEVIN.
H.R. 5052: Mr. HOLT.
H.R. 5056: Mr. SCHWARZ of Michigan.
H.R. 5070: Mr. SMITH of Washington.
H.R. 5092: Mr. GENE GREEN of Texas and Mr. TAYLOR of North Carolina.
H.R. 5100: Mr. ROTHMAN.
H.R. 5106: Mr. MORAN of Virginia.
H.R. 5114: Ms. JACKSON-LEE of Texas and Mr. DAVIS of Tennessee.
H.R. 5118: Mr. NEUGEBAUER.
H.R. 5134: Mr. DOGGETT and Mr. DOYLE.
H.R. 5150: Mr. GONZALEZ.
H.R. 5158: Mr. MOORE of Kansas.
H.R. 5167: Mr. UDALL of New Mexico and Mrs. LOWEY.
H.R. 5171: Mr. LATHAM.
H.R. 5199: Mr. VAN HOLLEN and Mr. MCDERMOTT.
H.R. 5200: Mr. ETHERIDGE, Mr. ANDREWS, Mr. LATHAM, Mr. JEFFERSON, Mr. MEEHAN, Mr. UDALL of Colorado, Mr. TIBERI, Mr. OSBORNE, Mr. WU, and Mr. SMITH of Washington.
H.R. 5206: Mr. MILLER of North Carolina and Mr. HASTINGS of Florida.
H.R. 5230: Mrs. MUSGRAVE.
H.R. 5236: Ms. EDDIE BERNICE JOHNSON of Texas.
H.R. 5249: Mr. RUPPERSBERGER, Mr. GARY G. MILLER of California, and Mr. LINDER.
H.R. 5275: Mr. HASTINGS of Florida, Mr. RANGEL, and Mr. BUTTERFIELD.
H.R. 5280: Mr. GORDON, Mr. DAVIS of Florida, and Mr. LEWIS of Kentucky.
H.R. 5288: Mr. BUTTERFIELD and Mr. HASTINGS of Florida.
H.R. 5289: Mr. LIPINSKI.
H.R. 5314: Mr. KENNEDY of Minnesota, Mr. GERLACH, and Mr. MANZULLO.
H.R. 5371: Mr. CARDIN.
H.R. 5372: Ms. JACKSON-LEE of Texas, Mr. JACKSON of Illinois, Mr. MOORE of Kansas, Mr. BAIRD, and Mr. HONDA.
H.R. 5396: Miss MCMORRIS.
H.R. 5397: Mr. DAVIS of Illinois.
H.R. 5408: Mr. BERMAN.
H.R. 5452: Mr. COLE of Oklahoma, Mrs. MUSGRAVE, and Mr. KIRK.
H.R. 5453: Mr. STRICKLAND and Mr. PETERSON of Pennsylvania.
H.R. 5459: Mr. CASTLE.
H.R. 5465: Mr. BRADY of Pennsylvania.
H.R. 5468: Ms. DEGETTE.
H.R. 5469: Ms. DEGETTE.
H.R. 5472: Mr. STARK, Mrs. WILSON of New Mexico, Mr. FRANK of Massachusetts, Mr. ISSA, Mr. LARSON of Connecticut, and Mr. FOLEY.
H.R. 5480: Mr. MOORE of Kansas.
H.R. 5513: Mr. KUHL of New York and Ms. BALDWIN.
H.R. 5523: Mr. GOODE.
H.R. 5533: Mr. GORDON.
H.R. 5536: Mr. SMITH of Washington.
H.R. 5552: Mr. FORBES.
H.R. 5555: Mr. MCDERMOTT, Mr. WYNN, and Mr. PALLONE.
H.R. 5557: Mr. SMITH of New Jersey.
H.R. 5558: Mr. PRICE of Georgia, Mr. PASCRELL, and Mr. CARDOZA.
H.R. 5559: Mr. SAM JOHNSON of Texas.
H.R. 5562: Mr. GARRETT of New Jersey and Mrs. KELLY.
H.R. 5586: Mrs. MUSGRAVE.
H.R. 5624: Mr. BRADY of Pennsylvania.
H.R. 5635: Mr. RAHALL, Mr. KUCINICH, Mr. AL GREEN of Texas, Ms. SOLIS, and Mr. DOYLE.
H.R. 5642: Ms. PELOSI, Mr. SERRANO, Mr. KUCINICH, Mr. RANGEL, Mr. ROTHMAN, Mr. WYNN, Mr. FORD, Ms. WATERS, Mr. LEACH, Mr. MCDERMOTT, Ms. LINDA T. SÁNCHEZ of California, Mr. LARSON of Connecticut, Mr. STARK, Mr. BERMAN, Mr. FATTAH, Ms. LEE, Mr. CARDIN, Mr. SHERMAN, Mr. SCOTT of Virginia, and Ms. DEGETTE.
H.R. 5656: Mr. ROHRABACHER.
H.R. 5660: Mr. HIGGINS, Mr. FORD, and Mr. KILDEE.
H.R. 5674: Mr. HOLT, Mr. PRICE of North Carolina, and Mr. TIERNEY.
H.R. 5693: Mr. MCHUGH and Mr. PAUL.
H.R. 5701: Mr. WALSH.
H.R. 5704: Ms. SCHWARTZ of Pennsylvania and Mr. FRANK of Massachusetts.
H.R. 5722: Ms. JACKSON-LEE of Texas, Mr. PAYNE, and Ms. EDDIE BERNICE JOHNSON of Texas.
H.R. 5730: Mr. HOLDEN.
H.R. 5738: Mr. PRICE of North Carolina.
H.R. 5746: Mr. GOODE, Mr. REGULA, Mr. WOLF, Mrs. MUSGRAVE, Mr. MCGOVERN, Mr. GORDON, Mr. GUTIERREZ, Ms. MOORE of Wisconsin, Ms. HARMAN, and Ms. DEGETTE.
H.R. 5751: Mr. CULBERSON.
H.R. 5755: Mr. HEFLEY, Mr. GIBBONS, Mr. KLINE, Mr. HOLT, Mr. LEWIS of Kentucky, Mr. SPRATT, and Mr. LANGEVIN.
H.R. 5762: Mr. TOWNS.
H.R. 5770: Mr. MCDERMOTT and Mr. KUCINICH.
H.R. 5771: Mr. HASTINGS of Florida.
H.R. 5772: Mr. BOOZMAN and Mr. FEENEY.
H.R. 5784: Mr. RUSH, Mr. JEFFERSON, Mr. AL GREEN of Texas, Mr. BISHOP of Georgia, Mr. CUMMINGS, Ms. SCHAKOWSKY, and Mr. MICHAUD.
H.R. 5791: Mr. ALLEN, Mr. BOUSTANY, Mr. SMITH of New Jersey, Mr. UDALL of Colorado, Mr. MOORE of Kansas, Ms. MATSUI, Mr. DOYLE, Mr. KIRK, and Mr. FILNER.
H.R. 5795: Mr. BLUMENAUER and Mr. GENE GREEN of Texas.
H.R. 5805: Mr. MEEKS of New York, Mr. DOOLITTLE, and Mr. ROHRABACHER.
H.R. 5806: Ms. DEGETTE, Mr. MORAN of Virginia, Mr. CASE, Mr. CARNAHAN, Mr. SCHIFF, Mr. STARK, Mr. MCDERMOTT, Mr. HOLT, and Mr. KENNEDY of Rhode Island.
H.R. 5818: Mr. SHERMAN.
H.R. 5822: Mr. TIAHRT, Mr. WELDON of Pennsylvania, and Mr. FOSSELLA.
H.R. 5834: Ms. HERSETH, Ms. JACKSON-LEE of Texas, Mr. RYAN of Ohio, Mr. HINCHEY, and Mr. CUMMINGS.
H.R. 5835: Mr. MCDERMOTT and Mr. CUMMINGS.
H.R. 5836: Mr. MCDERMOTT.
H.R. 5853: Mr. STARK.
H.R. 5858: Ms. SCHAKOWSKY, Ms. SOLIS, and Mr. JACKSON of Illinois.
H.R. 5862: Mrs. MUSGRAVE.
H.R. 5866: Mrs. JO ANN DAVIS of Virginia.
H.R. 5875: Ms. SCHAKOWSKY and Mr. CONYERS.
H.R. 5878: Mr. MOORE of Kansas.
H.R. 5879: Mrs. EMERSON.
H.R. 5880: Mrs. EMERSON.
H.R. 5886: Mr. PASTOR.
H.R. 5888: Mr. BEAUPREZ, Mr. CALVERT, Mr. RUPPERSBERGER, Mr. FRANK of Massachusetts, Mr. BRADLEY of New Hampshire, Mr. PAUL, and Mr. SANDERS.
H.R. 5890: Mr. BROWN of South Carolina, Mr. FOLEY, Mr. BACHUS, Mr. DOOLITTLE, Mr. WICKER, Mrs. DRAKE, Mr. CALVERT, and Mr. DAVIS of Kentucky.
H.R. 5902: Mr. GRIJALVA.
H.R. 5904: Ms. BERKLEY, Mr. REHBERG, Mr. BISHOP of Utah, Mr. CANNON, and Mr. SIMPSON.
H.R. 5915: Mr. GARRETT of New Jersey.
H.R. 5918: Mr. LEACH.
H.R. 5920: Mr. WYNN and Mr. SMITH of New Jersey.
H.R. 5928: Mr. KILDEE, Mr. CUMMINGS, Mr. ETHERIDGE, Mr. MCINTYRE, and Mr. SCHIFF.
H.R. 5934: Mr. BARTLETT of Maryland.
H.R. 5945: Mrs. CAPPS and Mr. KUCINICH.
H.J. Res. 93: Ms. WATSON, Mr. HOLT, Mr. BLUMENAUER, Mr. STARK, and Mr. TANCREDO.
H. Con. Res. 57: Mr. JACKSON of Illinois.
H. Con. Res. 138: Mr. SERRANO.
H. Con. Res. 174: Mrs. DAVIS of California and Mrs. BLACKBURN.
H. Con. Res. 343: Mr. ISRAEL.
H. Con. Res. 346: Mr. BARTLETT of Maryland, Mr. UDALL of Colorado, and Mrs. MUSGRAVE.
H. Con. Res. 388: Mr. PAYNE.
H. Con. Res. 391: Mr. STARK.
H. Con. Res. 404: Mr. GENE GREEN of Texas and Mr. HOLT.
H. Con. Res. 415: Mr. LARSEN of Washington.
H. Con. Res. 416: Mr. CUMMINGS.
H. Con. Res. 424: Mr. COSTELLO, Mr. WYNN, Mr. FORTENBERRY, Mr. SOUDER, Mr. GRAVES, Mr. BARTLETT of Maryland, Ms. MATSUI, Mr. KIND, Mr. BOUSTANY, and Mr. JEFFERSON.
H. Con. Res. 439: Mr. BISHOP of New York.
H. Con. Res. 450: Mr. DOGGETT, Ms. VELÁZQUEZ, and Mr. CLAY.
H. Con. Res. 455: Mr. WILSON of South Carolina, Mr. GOODE, and Mr. GOODLATTE.
H. Res. 79: Ms. EDDIE BERNICE JOHNSON of Texas.
H. Res. 490: Ms. LORETTA SANCHEZ of California.
H. Res. 735: Mr. KILDEE, Mrs. MCCARTHY, Mr. ABERCROMBIE, Mr. WYNN, Mr. FILNER, Ms. BORDALLO, Mr. MCGOVERN, Mr. BLUMENAUER, and Mr. MCDERMOTT.
H. Res. 765: Ms. MATSUI, Mr. RAMSTAD, and Mr. PEARCE.
H. Res. 776: Mr. DUNCAN.
H. Res. 787: Mr. GUTIERREZ, Mrs. MALONEY, Mr. AL GREEN of Texas, Mr. DOGGETT, Ms. WATSON, Ms. BORDALLO, Mr. PAYNE, Mr. SHERMAN, and Ms. LEE.
H. Res. 800: Ms. BERKLEY and Mr. ROTHMAN.
H. Res. 822: Mr. KIND and Mr. BROWN of Ohio.
H. Res. 823: Mr. SHAW.
H. Res. 874: Mr. HALL, Mr. BRADY of Pennsylvania, Mr. WAMP, and Mr. GOODE.
H. Res. 888: Mr. LYNCH, Mr. MORAN of Virginia, Mr. OBERSTAR, Ms. WASSERMAN SCHULTZ, Mr. SERRANO, Ms. JACKSON-LEE of Texas, Mr. VAN HOLLEN, Mr. HOLT, and Mr. DAVIS of Alabama.
H. Res. 944: Mr. REICHERT.
H. Res. 945: Mr. DOGGETT and Mr. AL GREEN of Texas.
H. Res. 953: Mr. COSTA, Mr. LINCOLN DIAZ-BALART of Florida, Ms. LORETTA SANCHEZ of California, Mr. LEWIS of Georgia, and Ms. SLAUGHTER.
H. Res. 954: Mr. MORAN of Virginia and Mr. BLUMENAUER.
H. Res. 955: Mr. MCGOVERN.
H. Res. 960: Ms. BORDALLO and Mr. FRANKS of Arizona.

DELETIONS OF SPONSORS FROM PUBLIC BILLS AND RESOLUTIONS

Under clause 7 of rule XII, sponsors were deleted from public bills and resolutions as follows:

H.R. 65: Mr. GERLACH.

DISCHARGE PETITIONS

Under clause 2 of rule XV, the following discharge petition was filed:

Petition 14, July 27, 2006, by Mr. FILNER on House Resolution 917, was signed by the following Members: Bob Filner, Emanuel Cleaver, and Sam Farr.

DISCHARGE PETITIONS—ADDITIONS OR DELETIONS

The following Members added their names to the following discharge petitions:

Petition 1 by Ms. HOOLEY on House Resolution 267: Steven R. Rothman.

Petition 4 by Ms. SLAUGHTER on House Resolution 460: Steven R. Rothman.

Petition 5 by Mr. WAXMAN on House Resolution 537: Steven R. Rothman.

Petition 12 by Mr. MARKEY on the bill 4263: Steven R. Rothman.