

section 52 shall be treated as a single taxpayer.

“(2) SPECIAL RULES FOR CERTAIN REQUIREMENTS.—For purposes of applying paragraphs (1)(A) and (2)(A) of subsection (b)—

“(A) the determination under subsections (a) and (b) of section 52 for purposes of paragraph (1) shall be made without regard to section 1563(b)(2)(C) (relating to exclusion of foreign corporations), and

“(B) if any person treated as a single taxpayer under this subsection (after application of subparagraph (A)), or any predecessor of such person, was an expatriated entity (as defined in section 7874(a)(2)) for any taxable year ending after March 4, 2003, then all persons treated as a single taxpayer with such person shall be treated as expatriated entities.

“(F) ELECTION TO HAVE CREDIT NOT APPLY.—

“(1) IN GENERAL.—A taxpayer may elect to have this section not apply for any taxable year.

“(2) TIME FOR MAKING ELECTION.—An election under paragraph (1) for any taxable year may be made (or revoked) at any time before the expiration of the 3-year period beginning on the last date prescribed by law for filing the return for such taxable year (determined without regard to extensions).

“(3) MANNER OF MAKING ELECTION.—An election under paragraph (1) (or revocation thereof) shall be made in such manner as the Secretary may by regulations prescribe.”

(b) ALLOWANCE AS GENERAL BUSINESS CREDIT.—Section 38(b) of the Internal Revenue Code of 1986 is amended by striking “plus” at the end of paragraph (35), by striking the period at the end of paragraph (36) and inserting “, plus”, and by adding at the end the following:

“(37) in the case of a Patriot employer (as defined in section 45S(b)) for any taxable year, the Patriot employer credit determined under section 45S(a).”

(c) DENIAL OF DOUBLE BENEFIT.—Subsection (a) of section 280C of the Internal Revenue Code of 1986 is amended by inserting “45S(a).” after “45P(a)”.

(d) EFFECTIVE DATE.—The amendments made by this section shall apply to taxable years beginning after December 31, 2015.

SEC. 3. DEFER DEDUCTION OF INTEREST EXPENSE RELATED TO DEFERRED INCOME.

(a) IN GENERAL.—Section 163 of the Internal Revenue Code of 1986 (relating to deductions for interest expense) is amended by redesignating subsection (n) as subsection (o) and by inserting after subsection (m) the following new subsection:

“(n) DEFERRAL OF DEDUCTION FOR INTEREST EXPENSE RELATED TO DEFERRED INCOME.—

“(1) GENERAL RULE.—The amount of foreign-related interest expense of any taxpayer allowed as a deduction under this chapter for any taxable year shall not exceed an amount equal to the applicable percentage of the sum of—

“(A) the taxpayer’s foreign-related interest expense for the taxable year, plus

“(B) the taxpayer’s deferred foreign-related interest expense.

For purposes of the paragraph, the applicable percentage is the percentage equal to the current inclusion ratio.

“(2) TREATMENT OF DEFERRED DEDUCTIONS.—If, for any taxable year, the amount of the limitation determined under paragraph (1) exceeds the taxpayer’s foreign-related interest expense for the taxable year, there shall be allowed as a deduction for the taxable year an amount equal to the lesser of—

“(A) such excess, or

“(B) the taxpayer’s deferred foreign-related interest expense.

“(3) DEFINITIONS AND SPECIAL RULE.—For purposes of this subsection—

“(A) FOREIGN-RELATED INTEREST EXPENSE.—The term ‘foreign-related interest expense’ means, with respect to any taxpayer for any taxable year, the amount which bears the same ratio to the amount of interest expense for such taxable year allocated and apportioned under sections 861, 864(e), and 864(f) to income from sources outside the United States as—

“(i) the value of all stock held by the taxpayer in all section 902 corporations with respect to which the taxpayer meets the ownership requirements of subsection (a) or (b) of section 902, bears to

“(ii) the value of all assets of the taxpayer which generate gross income from sources outside the United States.

“(B) DEFERRED FOREIGN-RELATED INTEREST EXPENSE.—The term ‘deferred foreign-related interest expense’ means the excess, if any, of the aggregate foreign-related interest expense for all prior taxable years beginning after December 31, 2015, over the aggregate amount allowed as a deduction under paragraphs (1) and (2) for all such prior taxable years.

“(C) VALUE OF ASSETS.—Except as otherwise provided by the Secretary, for purposes of subparagraph (A)(ii), the value of any asset shall be the amount with respect to such asset determined for purposes of allocating and apportioning interest expense under sections 861, 864(e), and 864(f).

“(D) CURRENT INCLUSION RATIO.—The term ‘current inclusion ratio’ means, with respect to any domestic corporation which meets the ownership requirements of subsection (a) or (b) of section 902 with respect to one or more section 902 corporations for any taxable year, the ratio (expressed as a percentage) of—

“(i) the sum of all dividends received by the domestic corporation from all such section 902 corporations during the taxable year plus amounts includible in gross income under section 951(a) from all such section 902 corporations, in each case computed without regard to section 78, divided by

“(ii) the aggregate amount of post-1986 undistributed earnings.

“(E) AGGREGATE AMOUNT OF POST-1986 UN-DISTRIBUTED EARNINGS.—The term ‘aggregate amount of post-1986 undistributed earnings’ means, with respect to any domestic corporation which meets the ownership requirements of subsection (a) or (b) of section 902 with respect to one or more section 902 corporations, the domestic corporation’s pro rata share of the post-1986 undistributed earnings (as defined in section 902(c)(1)) of all such section 902 corporations.

“(F) FOREIGN CURRENCY CONVERSION.—For purposes of determining the current inclusion ratio, and except as otherwise provided by the Secretary, the aggregate amount of post-1986 undistributed earnings for the taxable year shall be determined by translating each section 902 corporation’s post-1986 undistributed earnings into dollars using the average exchange rate for such year.

“(G) SECTION 902 CORPORATION.—The term ‘section 902 corporation’ has the meaning given to such term by section 909(d)(5).

“(4) TREATMENT OF AFFILIATED GROUPS.—The current inclusion ratio of each member of an affiliated group (as defined in section 864(e)(5)(A)) shall be determined as if all members of such group were a single corporation.

“(5) APPLICATION TO SEPARATE CATEGORIES OF INCOME.—This subsection shall be applied separately with respect to the categories of income specified in section 904(d)(1).

“(6) REGULATIONS.—The Secretary may prescribe such regulations or other guidance as is necessary or appropriate to carry out

the purposes of this subsection, including regulations or other guidance providing—

“(A) for the proper application of this subsection with respect to changes in ownership of a section 902 corporation,

“(B) that certain corporations that otherwise would not be members of the affiliated group will be treated as members of the affiliated group for purposes of this subsection,

“(C) for the proper application of this subsection with respect to the taxpayer’s share of a deficit in earnings and profits of a section 902 corporation,

“(D) for appropriate adjustments to the determination of the value of stock in any section 902 corporation for purposes of this subsection or to the foreign-related interest expense to account for income that is subject to tax under section 882(a)(1), and

“(E) for the proper application of this subsection with respect to interest expense that is directly allocable to income with respect to certain assets.”

(b) EFFECTIVE DATE.—The amendments made by this section shall apply to taxable years beginning after December 31, 2015.

AMENDMENTS SUBMITTED AND PROPOSED

SA 1463. Mr. MCCAIN submitted an amendment intended to be proposed by him to the bill H.R. 1735, to authorize appropriations for fiscal year 2016 for military activities of the Department of Defense and for military construction, to prescribe military personnel strengths for such fiscal year, and for other purposes; which was ordered to lie on the table.

SA 1464. Ms. BALDWIN submitted an amendment intended to be proposed to amendment SA 1463 submitted by Mr. MCCAIN and intended to be proposed to the bill H.R. 1735, supra; which was ordered to lie on the table.

SA 1465. Mr. MCCAIN submitted an amendment intended to be proposed to amendment SA 1463 submitted by Mr. MCCAIN and intended to be proposed to the bill H.R. 1735, supra; which was ordered to lie on the table.

SA 1466. Mr. MCCAIN submitted an amendment intended to be proposed to amendment SA 1463 submitted by Mr. MCCAIN and intended to be proposed to the bill H.R. 1735, supra; which was ordered to lie on the table.

SA 1467. Mr. CARDIN submitted an amendment intended to be proposed by him to the bill H.R. 1735, supra; which was ordered to lie on the table.

SA 1468. Mr. CARDIN submitted an amendment intended to be proposed to amendment SA 1463 submitted by Mr. MCCAIN and intended to be proposed to the bill H.R. 1735, supra; which was ordered to lie on the table.

SA 1469. Mr. CARDIN submitted an amendment intended to be proposed to amendment SA 1463 submitted by Mr. MCCAIN and intended to be proposed to the bill H.R. 1735, supra; which was ordered to lie on the table.

SA 1470. Mr. CARDIN submitted an amendment intended to be proposed to amendment SA 1463 submitted by Mr. MCCAIN and intended to be proposed to the bill H.R. 1735, supra; which was ordered to lie on the table.

SA 1471. Mr. BARRASSO submitted an amendment intended to be proposed by him to the bill S. 286, to amend the Indian Self-Determination and Education Assistance Act to provide further self-governance by Indian tribes, and for other purposes; which was ordered to lie on the table.

SA 1472. Mr. VITTER submitted an amendment intended to be proposed to amendment SA 1463 submitted by Mr. MCCAIN and intended to be proposed to the bill H.R. 1735, to authorize appropriations for fiscal year 2016 for military activities of the Department of

Defense and for military construction, to prescribe military personnel strengths for such fiscal year, and for other purposes; which was ordered to lie on the table.

SA 1473. Mr. VITTER submitted an amendment intended to be proposed to amendment SA 1463 submitted by Mr. MCCAIN and intended to be proposed to the bill H.R. 1735, supra; which was ordered to lie on the table.

SA 1474. Mr. COONS submitted an amendment intended to be proposed to amendment SA 1463 submitted by Mr. MCCAIN and intended to be proposed to the bill H.R. 1735, supra; which was ordered to lie on the table.

SA 1475. Mr. DONNELLY (for himself, Mr. CRUZ, Mr. BLUNT, and Mr. LEAHY) submitted an amendment intended to be proposed to amendment SA 1463 submitted by Mr. MCCAIN and intended to be proposed to the bill H.R. 1735, supra; which was ordered to lie on the table.

TEXT OF AMENDMENTS

SA 1463. Mr. MCCAIN submitted an amendment intended to be proposed by him to the bill H.R. 1735, to authorize appropriations for fiscal year 2016 for military activities of the Department of Defense and for military construction, to prescribe military personnel strengths for such fiscal year, and for other purposes; which was ordered to lie on the table; as follows:

Strike all after the enacting clause and insert the following:

SECTION 1. SHORT TITLE.

This Act may be cited as the “National Defense Authorization Act for Fiscal Year 2016”.

SEC. 2. ORGANIZATION OF ACT INTO DIVISIONS; TABLE OF CONTENTS.

(a) DIVISIONS.—This Act is organized into four divisions as follows:

(1) Division A—Department of Defense Authorizations.

(2) Division B—Military Construction Authorizations.

(3) Division C—Department of Energy National Security Authorizations.

(4) Division D—Funding tables.

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

Sec. 1. Short title.

Sec. 2. Organization of Act into divisions; table of contents.

Sec. 3. Congressional defense committees.

Sec. 4. Budgetary effects of this Act.

DIVISION A—DEPARTMENT OF DEFENSE AUTHORIZATIONS

TITLE I—PROCUREMENT

Subtitle A—Authorization of Appropriations

Sec. 101. Authorization of appropriations.

Subtitle B—Navy Programs

Sec. 111. Amendment to cost limitation baseline for CVN-78 class aircraft carrier program.

Sec. 112. Limitation on availability of funds for USS JOHN F. KENNEDY (CVN-79).

Sec. 113. Limitation on availability of funds for USS ENTERPRISE (CVN-80).

Sec. 114. Modification of CVN-78 class aircraft carrier program.

Sec. 115. Limitation on availability of funds for Littoral Combat Ship.

Sec. 116. Extension and modification of limitation on availability of funds for Littoral Combat Ship.

Sec. 117. Construction of additional Arleigh Burke destroyer.

Sec. 118. Fleet Replenishment Oiler Program.

Sec. 119. Reporting requirement for Ohio-class replacement submarine program.

Subtitle C—Air Force Programs

Sec. 131. Limitations on retirement of B-1, B-2, and B-52 bomber aircraft.

Sec. 132. Limitation on retirement of Air Force fighter aircraft.

Sec. 133. Limitation on availability of funds for F-35A aircraft procurement.

Sec. 134. Prohibition on retirement of A-10 aircraft.

Sec. 135. Prohibition on availability of funds for retirement of EC-130H Compass Call aircraft.

Sec. 136. Limitation on transfer of C-130 aircraft.

Sec. 137. Limitation on use of funds for T-1A Jayhawk aircraft.

Sec. 138. Restriction on retirement of the Joint Surveillance Target Attack Radar System (JSTARS), EC-130H Compass Call, and Airborne Early Warning and Control (AWACS) Aircraft.

Sec. 139. Sense of Congress regarding the OCONUS basing of the F-35A aircraft.

Sec. 140. Sense of Congress on F-16 Active Electronically Scanned Array (AESA) radar upgrade.

Subtitle D—Defense-wide, Joint, and Multiservice Matters

Sec. 151. Report on Army and Marine Corps modernization plan for small arms.

TITLE II—RESEARCH, DEVELOPMENT, TEST, AND EVALUATION

Subtitle A—Authorization of Appropriations

Sec. 201. Authorization of appropriations.

Subtitle B—Program Requirements, Restrictions, and Limitations

Sec. 211. Centers for Science, Technology, and Engineering Partnership.

Sec. 212. Department of Defense technology offset program to build and maintain the military technological superiority of the United States.

Sec. 213. Reauthorization of defense research and development rapid innovation program.

Sec. 214. Reauthorization of Global Research Watch program.

Sec. 215. Science and technology activities to support business systems information technology acquisition programs.

Sec. 216. Expansion of eligibility for financial assistance under Department of Defense Science, Mathematics, and Research for Transformation program to include citizens of countries participating in The Technical Cooperation Program.

Sec. 217. Streamlining the Joint Federated Assurance Center.

Sec. 218. Limitation on availability of funds for development of the Shallow Water Combat Submersible.

Sec. 219. Limitation on availability of funds for distributed common ground system of the Army.

Sec. 220. Limitation on availability of funds for distributed common ground system of the United States Special Operations Command.

Subtitle C—Other Matters

Sec. 231. Assessment of air-land mobile tactical communications and data network requirements and capabilities.

Sec. 232. Study of field failures involving counterfeit electronic parts.

Sec. 233. Demonstration of Persistent Close Air Support capabilities.

Sec. 234. Airborne data link plan.

Sec. 235. Report on Technology Readiness Levels of the technologies and capabilities critical to the Long Range Strike Bomber aircraft.

TITLE III—OPERATION AND MAINTENANCE

Subtitle A—Authorization of Appropriations

Sec. 301. Authorization of appropriations.

Subtitle B—Energy and Environment

Sec. 311. Modification of energy management reporting requirements.

Sec. 312. Report on efforts to reduce high energy costs at military installations.

Sec. 313. Southern Sea Otter Military Readiness Areas.

Subtitle C—Logistics and Sustainment

Sec. 321. Repeal of limitation on authority to enter into a contract for the sustainment, maintenance, repair, or overhaul of the F117 engine.

Subtitle D—Reports

Sec. 331. Modification of annual report on prepositioned materiel and equipment.

Subtitle E—Limitations and Extensions of Authority

Sec. 341. Modification of requirements for transferring aircraft within the Air Force inventory.

Sec. 342. Limitation on use of funds for Department of Defense sponsorships, advertising, or marketing associated with sports-related organizations or sporting events.

Sec. 343. Temporary authority to extend contracts and leases under ARMS initiative.

Subtitle F—Other Matters

Sec. 351. Streamlining of Department of Defense management and operational headquarters.

Sec. 352. Adoption of retired military working dogs.

Sec. 353. Modification of required review of projects relating to potential obstructions to aviation.

Sec. 354. Pilot program on intensive instruction in certain Asian languages.

TITLE IV—MILITARY PERSONNEL AUTHORIZATIONS

Subtitle A—Active Forces

Sec. 401. End strengths for active forces.

Sec. 402. Enhancement of authority for management of end strengths for military personnel.

Subtitle B—Reserve Forces

Sec. 411. End strengths for Selected Reserve.

Sec. 412. End strengths for Reserves on active duty in support of the reserves.

Sec. 413. End strengths for military technicians (dual status).

Sec. 414. Fiscal year 2016 limitation on number of non-dual status technicians.

Sec. 415. Maximum number of reserve personnel authorized to be on active duty for operational support.

Sec. 416. Chief of the National Guard Bureau authority to increase certain end strengths applicable to the Army National Guard.

Subtitle C—Authorization of Appropriations

Sec. 421. Military personnel.