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# Congressional Record

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# Senate

The Senate met at 9:30 a.m. and was called to order by the Honorable SAM BROWNBACK, a Senator from the State of Kansas.

PRAYER

The Chaplain, Dr. Barry C. Black, offered the following prayer:

Let us pray.

Wondrous sovereign God, thank You for the gift of another sunrise. We trust in Your unfailing love and rejoice in Your salvation. Your words are right and true; Your plans stand firm forever. Lord, rule our world by Your wise providence.

As the Members of this Congress investigate and legislate, help them to hate the false and cling to the truth. Give them the wisdom to guard their lips and weigh their words. Guide them with righteousness and integrity. May they leave such a legacy of excellence that generations to come will be inspired by what they do now. Remind them of Your precepts, even through the watches of the night.

You are our help and our shield, and we wait in hope for You. Amen.

## PLEDGE OF ALLEGIANCE

The Honorable SAM BROWNBACK 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.

## APPOINTMENT OF ACTING PRESIDENT PRO TEMPORE

The PRESIDING OFFICER. The clerk will please read a communication to the Senate from the President pro tempore (Mr. STEVENS).

The legislative clerk read the following letter:

U.S. SENATE,
PRESIDENT PRO TEMPORE,
*Washington, DC, June 22, 2005.*

*To the Senate:*

Under the provisions of rule I, paragraph 3, of the Standing Rules of the Senate, I hereby appoint the Honorable SAM BROWNBACK, a Senator from the State of Kansas, to perform the duties of the Chair.

TED STEVENS,
*President pro tempore.*

Mr. BROWNBACK thereupon assumed the Chair as Acting President pro tempore.

## RECOGNITION OF THE MAJORITY LEADER

The ACTING PRESIDENT pro tempore. The majority leader is recognized.

## SCHEDULE

Mr. FRIST. Mr. President, this morning we will return to the Energy bill with the lineup of amendments that was agreed to last night. Under that order, Senator FEINSTEIN will go first with her amendment relating to LNG. That will be considered under a 60-minute time limitation. Following that debate, Senator BYRD will offer an amendment related to rural gas prices. In addition to those amendments, we have several others who are prepared to offer amendments if time is available this morning. During this morning's debate, we will determine if we will vote after the discussion of each amendment or if we will stack a vote or two together. Senators should expect the first vote to occur prior to noon today.

Also, last night, we reached an agreement to spend 3 hours for debate on the McCain-Lieberman amendment on climate change. We expect to resume that amendment around midday, around noon today.

Finally, I remind everyone that cloture was filed last night on the underlying Energy bill, and thus that cloture vote would occur Thursday morning. We expect that cloture will be invoked, and we will be voting on final passage of the Energy bill before we close for the week. We will follow the Energy bill with most probably Interior appropriations. We plan on doing two appropriations bills before we leave for the recess.

Also as a reminder to our colleagues, under rule XXII, first-degree amendments must be filed by 1 p.m. today. We will have a busy day today, likely go well into the evening. We will have votes over the course of the day as we bring the bill to a final vote hopefully tomorrow.

## ASSISTANT DEMOCRATIC LEADER'S APOLOGY

Mr. FRIST. Last night, we all listened to the statement of the assistant Democratic leader in which he addressed comments made a week ago that had equated our U.S. military actions in Guantanamo to Nazi death camps, Soviet gulags, and Pol Pot's killing fields. My colleagues and I had urged the Senator to issue a formal apology and to strike his remarks from the RECORD. We asked his fellow Democrats to denounce his remarks or at least to distance themselves from those remarks.

Last night, he apologized. We appreciate that and we respect that. It was the right thing to do. It was the right thing to do for this body and I believe for our troops overseas. Why? Because over the course of the day's proceeding of the apology, damage was being done. Intended or not, damage was being done. It was being done by giving voices at Al Jazeera more cause to gleefully repeat those charges around the world. We believe damage was being done to our men and women in uniform, not intended but the damage was being done.

With our troops in harm's way all around the globe and in an era where information flashes literally in seconds from one side of the world to the other, we all must be careful about what we say and how we say it. If what we say is not intended, then we need to correct it early on. It is a lesson we all

● This "bullet" symbol identifies statements or insertions which are not spoken by a Member of the Senate on the floor.



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learn over and over again. I have certainly made my share of verbal mistakes and missteps over the years.

So last night's statement from Senator DURBIN both honored our troops and recognized the sacrifices of those who lived and died under the grim systems of Nazi terror, of Soviet repression, and Cambodian genocide. That is right, fine, and worthy. Senator DURBIN took an honorable step yesterday afternoon. I look forward to working with our colleague from Illinois as we move forward in the days and weeks ahead.

I yield the floor.

## RECOGNITION OF THE MINORITY LEADER

The ACTING PRESIDENT pro tempore. The Democratic leader is recognized.

## JOHN BOLTON NOMINATION

Mr. REID. Mr. President, yesterday at the White House it was reported that President Bush told Republican leaders to keep fighting to get Mr. Bolton, the President's nominee to be U.N. ambassador, an up-or-down vote. Keep fighting—that was the message delivered by the President.

I understand the need for an occasional pep rally to bolster discouraged members of his party, but the American people are tired of the fighting and the bickering. They want us to tackle the hard issues confronting this country and deal with the crisis in health care where 45 million people have no health insurance and millions of others are underinsured, to deal with education, the ability of parents to send their children to college and then the deteriorating nature of our public school system, part of which is directly related to the Leave No Child Behind Act. We are approaching 1,800 dead American soldiers in the war in Iraq. We are approaching 20,000 who have been wounded. We do not know the exact number of Iraqis who are dead, but it is well over 100,000.

Of course, we have the President's ongoing direction to privatize Social Security. He has not directed his attention at all, as we should, to retirement security. United Airlines basically defaulted on their pension obligations to their employees. Delta, Northwest, other airlines, and other companies are standing by. Unless they get help from the Congress, they too will default on their obligations to their employees' retirement programs.

They, the White House, want the John Bolton matter resolved. It can be resolved easily and quickly in two ways. First, the President can take the advice of the distinguished Republican, the Senator from Ohio, Mr. VOINOVICH, and offer a new nominee. Over the course of the Foreign Relations Committee hearings, it became quite clear that John Bolton is simply not the right man for this most important job. John Bolton has attempted to manipulate intelligence, intimidate intelligence analysts, and has shown outright disdain for the international system and the institution for which he was nominated to serve.

The administration would have everyone believe that Mr. Bolton is the only man capable of delivering the reform message to the United Nations. We all agree that the United Nations needs reform, but I would submit that there are dozens, scores of tough reform-minded conservatives who could be confirmed rapidly with broad bipartisan support.

We have quickly approved the White House's two previous selections to this post, Negroponte and Danforth, and we are prepared to do so again.

When Senator Danforth decided to step down as our Representative to the United Nations, the administration had a choice to make: Did it want to pick someone along the lines of its two previous nominees who could have been quickly confirmed and on the job fixing the U.N. or did it want a fight in the Senate? It appears a fight was more in line with what they felt was appropriate.

Unfortunately, the administration, as I have said, knowingly chose a fight. They were told prior to sending his name to the Senate that it was a problem. The White House's choice and subsequent actions demonstrate that reform in Washington is needed as much as it is at the United Nations.

If the administration does not want to withdraw Mr. Bolton's nomination, and that appears to be clear, there is another path. It can take the advice of former majority leader TRENT LOTT, who said yesterday on Fox News that the administration should provide the information that has been requested by the Senate. This is Senator LOTT saying this, not me, even though I have said it also. Speaking to Fox News, the Senator from Mississippi further said:

> My colleagues have a right to know that information. . . . I think the [Administration] ought to give the [Senate] the information.

The distinguished Senator from Mississippi, my friend, also went on to say what this fight is really all about:

> We are saying to the White House, we're a coequal branch of government here, other Senators have done this in the past, we're seeking this information which we have a right to . . .

That is also a view shared by the Republican Senator from Rhode Island who sits on the committee, LINCOLN CHAFEE, who, when asked whether the White House should turn over the information about Mr. Bolton, said, as he usually does, in very short, concise statements: ''I like full disclosure.''

Full disclosure is exactly what we need. We should shed light on whether this nominee tried to stretch the truth about Syria's weapons of mass destruction programs, and it should explain why Mr. Bolton needed to see what Americans—perhaps his own superiors at the State Department—were saying about him in these NSA intercepts.

I have said it before and I will say it again: This fight is not about Mr. Bolton. It is about whether this administration will recognize that the Constitution established that Congress is a coequal branch of Government with certain powers and responsibilities. If the President turns over the information, not part of it or a summary of it but turns over all of the information requested, the White House will get their up-or-down vote on Mr. Bolton.

Unlike the advice offered by the President yesterday, continued fighting will not advance his troubled nominee. Working with the Senate will. By taking the advice of my friends from Ohio, Senator VOINOVICH; Mississippi, TRENT LOTT; and LINCOLN CHAFEE, Rhode Island, all Republicans, the President and the Congress can put this matter behind them and move on to the critical issues facing the Nation and the United Nations.

## RESERVATION OF LEADER TIME

The ACTING PRESIDENT pro tempore. Under the previous order, the leadership time is reserved.

## ENERGY POLICY ACT OF 2005

The ACTING PRESIDENT pro tempore. Under the previous order, the Senate will resume consideration of H.R. 6, which the clerk will report.

The legislative clerk read as follows:

> A bill (H.R. 6) to ensure jobs for our future with secure, affordable and reliable energy.

Pending:

> Wyden/Dorgan amendment No. 792, to provide for the suspension of strategic petroleum reserve acquisitions.
>
> Schumer amendment No. 805, to express the sense of the Senate regarding management of the Strategic Petroleum Reserve to lower the burden of gasoline prices on the economy of the United States and circumvent the efforts of OPEC to reap windfall profits.
>
> McCain/Lieberman amendment No. 826, to provide for a program to accelerate the reduction of greenhouse gas emissions in the United States.
>
> Reid (for Lautenberg) amendment No. 839, to require any Federal agency that publishes a science-based climate change document that was significantly altered at White House request to make an unaltered final draft of the document publicly available for comparison.

The ACTING PRESIDENT pro tempore. Under the previous order, the Senator from California, Mrs. FEINSTEIN, will be recognized to offer an amendment in relation to LNG.

The Senator from California.

AMENDMENT NO. 841

Mrs. FEINSTEIN. Mr. President, I call up amendment No. 841.

The ACTING PRESIDENT pro tempore. The clerk will report.

The legislative clerk read as follows:

> The Senator from California [Mrs. FEINSTEIN], for herself and Ms. SNOWE, Mr. REED, Mr. SESSIONS, Mr. KENNEDY, Ms. COLLINS,

Mr. DODD, Mrs. BOXER, Mrs. CLINTON, Mr. LIEBERMAN, Ms. CANTWELL, Mr. KERRY, Mr. SCHUMER, and Mrs. MURRAY, proposes an amendment numbered 841.

Mrs. FEINSTEIN. I ask unanimous consent the reading of the amendment be dispensed with.

The ACTING PRESIDENT pro tempore. Without objection, it is so ordered.

The amendment is as follows:

(Purpose: To prohibit the Commission from approving an application for the authorization of the siting, construction, expansion, or operation of facilities located onshore or in State waters for the import of natural gas from a foreign country or the export of natural gas to a foreign country without the approval of the Governor of the State in which the facility would be located)

On page 311, after line 24, add the following:

''(3)(A) The Commission shall not approve an application for the authorization under this section of the siting, construction, expansion, or operation of facilities located onshore or in State waters for the import of natural gas from a foreign country or the export of natural gas to a foreign country without the approval of the Governor of the State in which the facility would be located. Subject to subparagraph (B), if the Governor fails to submit to the Commission an approval or disapproval not later than 45 days after the issuance of the final environmental impact statement on the proposed project, the approval shall be conclusively presumed. If the Governor notifies the Commission that an application, which would otherwise be approved under this paragraph, is inconsistent with State programs relating to environmental protection, land and water use, public health and safety, and coastal zone management, the Commission shall condition the license granted so as to make the license consistent with the State programs.

''(B) In the case of a project not approved before June 22, 2005, and for which the final environmental impact statement was issued more than 15 days before the date of enactment of this subsection, this paragraph shall apply, except that the Governor of the State shall submit the approval or disapproval of the Governor not later than 30 days after the date of enactment of this subsection, or approval shall be conclusively presumed. If the Governor disapproves the project within that period, neither the Commission nor any other Federal agency shall take any further action to approve the project or the construction or operation of the project.''.

On page 312, line 1, strike ''(3)'' and insert ''(4)''.

On page 312, line 24, strike ''(4)'' and insert ''(5)''.

Mrs. FEINSTEIN. Mr. President, I rise on behalf of Senators SNOWE, REED, SESSIONS, KENNEDY, COLLINS, DODD, BOXER, CLINTON, LIEBERMAN, CANTWELL, KERRY, SCHUMER, and MURRAY, to offer this amendment to the Energy bill on the siting of liquefied natural gas import terminals. Let me clearly state that the problem is not whether to site these LNG terminals, but where. To give control to a remote Federal agency, when States are concerned about the safety of residents near a proposed site, we, the cosponsors of this amendment, believe is a mistake.

This Energy bill would give the Federal Energy Regulatory Commission, known as FERC, exclusive authority over siting onshore liquefied natural gas facilities. Our amendment would provide each State's Governor the same authority to veto, approve, or attach conditions to onshore liquefied natural gas facilities as they now have with respect to offshore liquefied natural gas facilities. This amendment is not concurrent siting. It does not require the applicant duplicate the application process, nor does it add additional time and money to the entire application process. It simply states Governors will have 45 days to approve, veto, or attach conditions to a project after FERC issues its final environmental impact statement.

This chart, I think, says it all. Increased demand for LNG means we need new natural gas supplies, and liquefied natural gas is one of the options available to us. Let me be clear. I do not oppose liquefied natural gas sites in California. Liquefied natural gas is clean energy and it is less costly than other forms.

What this chart shows is there are 34 potential sites for liquefied natural gas. Those are the blue circles, clustered around the gulf, off of Florida, off of the northeast coast, off of California, and one in the Pacific Northwest. It points out that eight sites in the United States have already been approved by FERC. It shows three are approved for Mexico, two are approved for Canada, and there are five existing sites at this time. Clearly this Nation is on its way to using liquefied natural gas.

The United States holds less than 4 percent of total world reserves, and California produces less than 15 percent of the natural gas it consumes, so if there is to be this form of clean energy, it must be imported. That is why Governor Schwarzenegger, the California Public Utilities Commission, the California Energy Commission, and the State Governors Association, all agree the State needs new natural gas supplies and that LNG terminals may help put downward pressure on increasing natural gas prices.

The chairman and ranking member of the Energy Committee believe FERC should have the final say over siting LNG terminals. On the other hand, we agree with the Governors of California, Massachusetts, Louisiana, Rhode Island, New Jersey, and Delaware, who stated in a letter dated May 25, that:

Without State jurisdiction, there is no guarantee a project will be consistent with the homeland security or environmental requirements for a particular locality, or whether the project adequately addresses the energy demands of the respective State or region. We support legislation that would provide for concurrent State and Federal jurisdiction over LNG and other energy facilities.

I ask unanimous consent to have the letter printed in the RECORD.

There being no objection, the material was ordered to be printed in the Record, as follows:

MAY 25, 2005.

Hon. PETE DOMENICI,
*Chairman Committee on Energy and Natural Resources, U.S. Senate.*
Hon. LAMAR ALEXANDER,
*Chairman, Subcommittee on Energy, U.S. Senate.*
Hon. JEFF BINGAMAN,
*Ranking Member, Committee on Energy and Natural Resources, U.S. Senate.*
Hon. BYRON DORGAN,
*Ranking Member Subcommittee on Energy, U.S. Senate.*

DEAR SENATORS: As you consider the energy bill now before your committee, we urge your support for maintaining the right of coastal states and communities to participate meaningfully in the planning and permitting of significant energy projects on our shores and the outer continental shelf immediately adjacent to state waters.

As Governors, we recognize the need for a comprehensive energy policy that will lessen our dependence on foreign sources and modernize the nation's infrastructure, development, and distribution system. We see this need daily as we address the economic concerns of citizens and businesses within our states. However, provisions of the Energy Policy Act of 2005 (H.R. 6), as passed by the House of Representatives, unacceptably preempt state and local jurisdiction over siting of Liquefied Natural Gas (LNG) and other energy facilities.

Based on current and previous siting controversies, there is little reason to believe that the Federal Energy Regulatory Commission (FERC) is willing or able to address legitimate, long-standing state and local concerns with the siting of on and offshore projects. The provisions in H.R. 6 entrust FERC with ''sole authority'' for the permitting of LNG and other energy facilities, and relegate state and local agencies, which currently play a strong role in the process, to after-the-fact consideration and unreasonable timelines. Without state jurisdiction there is no guarantee a project will be consistent with the homeland security or environmental requirements for a particular locality, or whether the project adequately addresses the energy demands of the respective state or region. We support legislation that would provide for concurrent state and federal jurisdiction over LNG and other energy facilities.

We would welcome the opportunity to work together with Congress to develop a permitting process that balances the need for increased energy production with the maintenance of a robust role for states and local governments. In the meantime, we urge you to maintain the common sense measures that allow those most directly affected to have a voice in the siting of energy facilities.

Sincerely,

GOV. ARNOLD SCHWARZENEGGER,
*California.*
GOV. KATHLEEN BLANCO,
*Louisiana.*
GOV. DONALD CARCIERI,
*Rhode Island.*
GOV. MITT ROMNEY,
*Massachusetts.*
GOV. RUTH ANN MINNER,
*Delaware.*
GOV. RICHARD CODEY,
*New Jersey.*

Mrs. FEINSTEIN. Mr. President, this letter is buttressed by the letter just received from the National Governors Association, supporting this amendment, which will shortly be on everyone's desk. I ask unanimous consent that second letter be printed in the RECORD.

There being no objection, the material was ordered to be printed in the RECORD, as follows:

NATIONAL GOVERNORS ASSOCIATION,
*Washington, DC, June 21, 2005.*

Hon. PETE DOMENICI,
*Chairman, Committee on Energy and Natural Resources, U.S. Senate, Washington, DC.*

Hon. JEFF BINGAMAN,
*Ranking Member, Committee on Energy and Natural Resources, U.S. Senate, Washington, DC.*

DEAR CHAIRMAN DOMENICI AND RANKING MEMBER BINGAMAN: On behalf of the National Governors Association, I write to ask you to support the Feinstein/Snowe/Reed/Seesions amendment to the Energy Policy Act of 2005 on the sitting of liquefied natural gas (LNG) facilities. As stewards of state resources, governors must have the authority to determine what is in the best interest of their state. This modification recognizes the critical role governors play within their states, as well as within a natural energy policy, while avoiding an unnecessary preemption of state authority.

Governors recognize the importance of a comprehensive energy policy and support the promotion of a diverse and reliable portfolio of energy sources. However, any national energy policy must also recognize the authority of states in decision-making and not allow for the federal pre-emption of that authority. This policy extends to the siting of LNG facilities of state land or in state waters. Given the impact any proposed energy project can have on state and local resources, economy and infrastructure, governors must have the ability to review those impacts and approve or reject LNG projects that fall under state jurisdiction.

The bipartisan amendment offered by Senator Feinstein, Snowe, Reed, and Sessions would require gubernatorial approval of any application regarding the siting of LNG facilities located onshore or in state waters, thus providing concurrent jurisdiction over these projects. This is the same authority granted to governors under the Deepwater Ports Act of 1974 for offshore projects and it is reasonable to request the same authority for projects that could have an even greater impact on states. Therefore, the governors urge you to support the amendment in an effort to reach a fair compromise that retains state authority while promoting a diverse national energy policy.

Governors commend both of you for your leadership in the effort to enact a new national energy policy and look forward to working with you as the legislation continues to move through Congress.

Sincerely,

RAYMOND C. SCHEPPACH,
*Executive Director.*

Mrs. FEINSTEIN. States will be responsible for the safety of these facilities for a long time after they are sited. That is why it is so important to preserve the rights of the States to participate in the process to determine where these facilities should be located. For LNG facilities that are being sited offshore, the Governor has the right to approve or veto a project now, yet this bill gives the State less input for facilities that are located on shore, in our busy ports, and near closely packed communities. This is completely illogical to me. It simply does not make sense. To give the Governor the veto power over a deepwater port more than 3 miles from land, and yet refuse to give that Governor any veto power over a site that might be located in the heart of the densest metropolitan areas of our country is completely illogical.

In a conversation I had recently, last week, with Chairman Pat Wood of the Federal Energy Regulatory Commission, he said even if the Federal Government sited an LNG facility, it would not be built as long as a Governor opposed it. If that is in fact the case, then why not give the Governor of a State the necessary authority?

Let me explain how this works. Under the Deep Water Port Act, which was amended in 2002 to regulate the process for siting offshore LNG, an LNG terminal that is located in Federal waters beyond the 3 miles of the State's territorial waters must be approved by the Federal Government, the U.S. Coast Guard, the U.S. Maritime Administration, and the Governor of the adjacent coastal State.

Under the pending Energy bill, the Governor would have no veto authority for siting onshore LNG terminals. In other words, if the Governor of California or Massachusetts or anywhere else were to decide an LNG terminal posed too great a safety risk to the 400,000 people living close—let's say to the Port of Long Beach; that is the only proposed onshore project in California—then the Governor would have no authority, the State would have no authority to veto that project. But if that same project were located offshore, more than 3 miles away from the Port of Long Beach, the Governor would be able to veto it. That is nonsensical, in my view.

Some of my colleagues will argue that States already have a veto under the Coastal Zone Management Act. However, I have received a letter from Chairman Wood that says in fact the State does not have a veto authority under this law. In a letter to me dated June 15, Chairman Wood states that:

. . . [F]ollowing an adverse consistency determination by a State, the Secretary of Commerce can, on his own initiative or upon appeal by the applicant, find after providing a reasonable opportunity for detailed comments by the Federal energy agency involved, and from the State, that the activity is consistent with the objectives of the Coastal Zone Management Act or is otherwise necessary in the interests of national security.

What does this mean? That means if the State were to find that the onshore LNG terminal would negatively impact the State's coastline, the Secretary of Commerce could take it upon himself to overturn that decision. Clearly, this removes any State authority.

I ask unanimous consent to have a series of letters that I have exchanged with the Chairman of FERC printed in the RECORD.

There being no objection, the material was ordered to be printed in the RECORD, as follows:

JUNE 14, 2005.

Hon. DIANNE FEINSTEIN,
*U.S. Senate,*
*Washington, DC.*

DEAR SENATOR FEINSTEIN: As a follow-up to our discussion on Friday, June 10, 2005, enclosed is a description of how states, under the Coastal Zone Management Act, the Clean Air Act and the Federal Water Pollution Control Act (Clean Water Act), can in effect ''veto'' proposed LNG projects that are onshore or in state waters. Also enclosed is the chart you requested identifying which coastal state agencies, in addition to those in California, have permitting authority under these three Acts.

I believe the existing legislative provision in section 381 of the Senate bill (June 8, 2005) maintains current state ''veto'' authority over proposed LNG projects. While the bill appropriately clarifies the Federal Energy Regulatory Commission's exclusive authority to site LNG facilities that are onshore or in state waters, section 381 also specifically reserves state authorities under the Coastal Zone Management Act, the Clean Air Act and the Clean Water Act. As we discussed, state implementation of these Acts gives states a means to in effect ''veto'' proposed LNG projects. With the single exception of the Texas Railroad Commission, which is elected, every coastal state agency that administers these Acts, including those agencies in California, are headed by gubernatorial appointees. As you are aware, the current chairs of the administering agencies in California were appointed by Governor Schwarzenegger.

If I may be of further assistance in this or any other matter, please don't hesitate to contact me.

Best regards,

PAT WOOD, III,
*Chairman.*

Enclosures.

STATES' ROLES IN ADMINISTERING FEDERAL LAWS

CLEAN WATER ACT

Pursuant to section 401 of the Clean Water Act, 33 U.S.C. 1341, an applicant for a federal license or permit to conduct any activity (including construction and operation) which may result in any discharge into navigable waters must provide the licensing or permitting agency a certification from the state in which the discharge originates or will originate. If the certification is denied, no license or permit can be granted. We are aware of no instance in which a proposed LNG project does not involve a discharge requiring certification.

In addition, section 404 of the Clean Water Act, 33 U.S.C. 1344, requires permits from the U.S. Army Corps of Engineers for the discharge of dredged or fill material. In considering such permit applications, the Corps requires applicants to obtain a section 401 permit, giving the state two opportunities under the Clean Water Act to block LNG projects. Again, we are aware of no LNG project that does not require a section 404 permit.

Thus, if a state denies Clean Water Act certification for an LNG project, the Commission and the Corps cannot authorize construction of the project.

COASTAL ZONE MANAGEMENT ACT

Section 307(c) of the Coastal Zone Management Act, 16 U.S.C. 1456(c), requires an applicant for a federal license or permit to conduct an activity affecting the coastal zone to provide to the licensing or permitting agency a certification that the proposed activity complies with the enforceable policies of the affected state's coastal zone management program. If the state does not concur with the certification, no federal license or permit may be issued. LNG import or export projects are located in the coastal zone. In consequence, if a state does not concur with a certification by an LNG project proponent,

the Commission cannot authorize construction of the project.

CLEAN AIR ACT

Section 502 of the Clean Air Act, 42 U.S.C. 7661(a), makes it unlawful for any person to operate a source of air pollution (as detailed in that Act) except in compliance with a permit issued by a permitting authority. States are authorized by the Administrator of the EPA to be permitting authorities. We believe it unlikely that an LNG project would not require a Clean Air Act permit. Based on the foregoing, as discussed with respect to the Clean Water Act, a state can deny a necessary Clean Air Act permit.

COASTAL STATE AGENCIES ADMINISTERING CLEAN WATER ACT, CLEAN AIR ACT, AND COASTAL ZONE MANAGEMENT ACT

| State | Agency | Agency head | Elected/appointed | Clean Air Act |
|---|---|---|---|---|
| AL | Department of Environmental Management | Director Trey Glenn | Appointed (by the Commission) | X |
| CA | CA Coastal Commission | Chair Meg Caldwell | Appointed. | |
| CA | Environmental Protection Agency | Sec. Allan Lloyd | Appointed. | |
| CA | Air Resources Board | Chairman Barbara Riordan | Appointed | X |
| CT | Department of Environmental Protection | Commissioner Gina McCarthy | Appointed | X |
| DE | Department of Natural Resources and Environmental Control | Sec. John Hughes | Appointed | X |
| FL | FL Department of Environmental Protection | Sec. Colleen Castille | Appointed | X |
| LA | Department of Natural Resources | Sec. Scott Angelle | Appointed. | |
| LA | Department of Environmental Quality | Sec. Mike McDaniel | Appointed | X |
| MA | Executive Office of Environmental Affairs | Sec. Ellen Roy Herzfelder | Appointed. | |
| MA | Department of Environmental Protection | Comm. Robert W. Golledge | Appointed by Secretary of OEA | X |
| MD | Department of Natural Resources | Sec. Ronald Franks | Appointed. | |
| MD | Department of the Environment | Sec. Kendl Philbrick | Appointed | X |
| ME | State Planning Office | Martha Freeman | Appointed. | |
| ME | Department of Environmental Protection | Chairman Richard Wardwell | Appointed | X |
| MS | Department of Marine Resources | Chairman Vernon Asper | Appointed. | |
| MS | Department of Environmental Quality | Director Charles Chisolm | Appointed | X |
| NC | Department of Environmental and Natural Resources | Sec. William G. Ross | Appointed | X |
| NJ | NJ Department of Environmental Protection | Comm. Bradley Campbell | Appointed | X |
| NY | Department of State | Sec. Randy A. Daniels | Appointed. | |
| NY | Department of Environmental Conservation | Commissioner Denise Sheehan | Appointed | X |
| OR | Department of Land Conservation and Development | Director Lane Shatterly | Appointed. | |
| OR | Department of Environmental Quality | Director Stephanie Hallock | Appointed | X |
| PA | Department of Environmental Protection | Sec. Kathleen Ann McGinty | Appointed | X |
| RI | Coastal Resources Management Council | Chairman Michael E. Tikoian | Appointed. | |
| RI | Department of Environmental Management | Director W. Michael Sullivan | Appointed | X |
| SC | Department of Health and Environmental Control | Comm. C. Earl Hunter | Appointed | X |
| TX | Railroad Commission of Texas | Chairman Victor Carrillo | Elected (Term expires 1/10). | |
| TX | TX Commission on Environmental Quality | Chairman Kathleen Hartnett White | Appointed | X |
| VA | Department of Environmental Quality | Director Robert Burnley | Appointed | X |
| WA | Department of Ecology | Jay Manning | Appointed | X |

U.S. SENATE,
*Washington, DC, June 14, 2005.*

Hon. PAT WOOD, III,
*Chairman, Federal Energy Regulatory Commission, Washington, DC.*

DEAR CHAIRMAN WOOD: Thank you for your letter detailing how the States can, in effect, ''veto'' an LNG project

Based on your letter and the attachment entitled ''States' Roles in Administering Federal Laws,'' I assume that the situation is as you describe:

If a state denies a Clean Water Act certification, the ''Commission and the Corps cannot authorize construction of the project.''

Under the Coastal Zone Management Act, ''if a state does not concur with a certification by an LNG project proponent, the Commission cannot authorize construction of the project.''

Under the Clean Air Act, ''a state can deny a necessary Clean Air Act permit.''

Therefore, I assume that this is absolute. You did not say ''dependent upon an appeal.'' You make no reference to an appeal, therefore I assume this is an absolute statement in view of the fact that your letter lacks any mention of appeal.

Please let me know if I am mistaken in my understanding of your letter.

Sincerely,

DIANNE FEINSTEIN,
*U.S. Senator.*

FEDERAL ENERGY
REGULATORY COMMISSION,
*Washington, DC, June 15, 2005.*

Hon. DIANNE FEINSTEIN,
*U.S. Senate,*
*Washington, DC.*

DEAR SENATOR FEINSTEIN: Thank you for your letter of June 14, responding to my letter of the same date regarding state authority under the Clean Water Act, the Coastal Zone Management Act, and the Clean Air Act to preclude proposed liquefied natural gas (LNG) projects that are onshore or in state waters. You asked about the possibility of appeals from the referenced state actions under these statutes.

As I wrote earlier, the denial by a state of a Clean Water Act certification, a Coastal Zone Management Act (CZMA) concurrence, or a Clean Air Act permit will prevent the Commission and other federal agencies from authorizing the construction of LNG facilities. But, Applicants aggrieved by state decisions may have a right to appeal.

Under section 307(c)(3)(A) of the CZMA, 16 U.S.C. §1456(c)(3)(A), following an adverse consistency determination by a state, the Secretary of Commerce can ''on his own initiative or upon appeal by the applicant find[ ], after providing a reasonable opportunity for detailed comments from the Federal agency involved and from the state, that the activity is consistent with the objectives of [the CZMA] or is otherwise necessary in the interest of national security.'' At least some states also provide for review of initial CZMA decisions in state court.

It is my understanding that under the Clean Water Act and the Clean Air Act, the various states have differing administrative and judicial review procedures; the Environmental Protection Agency, which oversees the implementation of these statutes, may have more detailed state-specific information regarding these procedures. And, as is true of all of the Commission's orders, any approval or denial of an LNG project under the Natural Gas Act is also subject to review in the United States Courts of Appeals.

It remains the case that unless and until a state decision barring an LNG project is overturned, the Commission cannot authorize the construction of that project.

If I may be of further assistance in this or any other matter, please don't hesitate to contact me.

Best regards,

PAT WOODS, III,
*Chairman.*

Mrs. FEINSTEIN. Mr. President, that is why my colleagues and I are offering this amendment today, to provide States with a real veto authority if a project were to violate the State's environmental protection, land and water use, public health and safety, and coastal zone management laws. In this post-9/11 world, I think we have to look a little differently at the siting of all facilities, and especially the specific risk that LNG terminals pose. A December 2004 report by Sandia National Laboratories concluded that LNG tankers could, in fact, be a potential terrorist target. If the worst case scenario were to occur, a tanker could in fact spill liquefied natural gas that, in about 30 seconds, could set off a fire that would cause second-degree burns on people nearly a mile away.

I admit this is a small probability. Nonetheless, it is such, and therefore it has to be considered. In siting these terminals, that factor is a factor of relevant consideration. That is why this amendment is so important. States must have a role in siting LNG facilities in order to protect the welfare of their citizens.

Out of the 40 proposed LNG terminals in this Nation, the FERC believes only a dozen will actually be built. Since Governors have the responsibility of ensuring the safety of their constituents, it makes sense to me to allow the States to have a significant role in the siting of these facilities. If there are other options besides putting these facilities in busy ports or near population centers, they should be sited where they pose the least danger to people, not just where they make the most economic sense. Therefore, we present this amendment to the bill.

Mr. President, I reserve the remainder of my time and I turn the floor over to Senator KENNEDY for as much time as he consumes.

The ACTING PRESIDENT pro tempore. Under the previous order, there will be 60 minutes for debate equally divided. That started with the presentation of the Senator from California.

The Senator from Massachusetts.

Mr. KENNEDY. Mr. President, I yield myself 7 minutes, if that is agreeable with the Senator from California.

Mrs. FEINSTEIN. It is.

SENATOR DURBIN

Mr. KENNEDY. Mr. President, first I want to pay tribute to a very good friend, and that is Senator DURBIN. I have had the good opportunity and great honor of representing Massachusetts in the Senate now for over 40 years. I believe Senator DURBIN is one of the most gifted, talented, able, and dedicated Members of the Senate with whom I have had the opportunity to serve. I believe he has a great love for this country, a great respect for the Senate, and a great love for his State of Illinois. I think every morning when he rises, he is looking out for the struggling middle class and the working families of this country. I have enormous respect for his dedication and his commitment to those who serve in the Armed Forces.

AMENDMENT NO. 841

Mr. President, I congratulate and thank my friend and colleague from California for offering this amendment. I rise in strong support of this amendment. She has made a very compelling case. I want to add some additional points to what I think is a very persuasive, commonsense approach to the whole issue of LNG.

I support the development of LNG. She has placed her finger on the most important aspects of it. We need it as a country. It ought to be embraced and expanded and supported. But at least the issues of safety and security ought to be able to be presented to the decision making bodies in this Government. Too often that has not received the consideration it deserves.

I want to add that at this moment, although I think this Energy bill moves us forward on many issues—from the new incentives for energy conservation to expanding our portfolio of renewable electricity—it has no clear plan for energy independence and it fails to provide needed relief from the high gas prices that are slowing our economy and that are being paid for by families all across this country. Millions of American households face a genuine energy crisis because of gas prices which are at their highest levels in years. The national level now is $2.13 a gallon, and in Massachusetts the price of regular gasoline is 24 percent higher than in 2001. We should explore all options for lowering gas prices immediately, including a more rigorous investigation of price gouging at the pump.

Our dependence on foreign oil is an albatross around our neck. The technology is there to rapidly reduce imports of foreign oil by making greater investments in solar and hydroelectric and other renewable energy sources. Success is within our reach if we set a clear target.

That is why I gave strong support to Senator CANTWELL, who offered the amendment to reduce our dependence on foreign oil by 40 percent in 20 years. I am disappointed it did not receive the full support of our colleagues on the other side of the aisle because reducing our dependence on foreign oil is an important part of a comprehensive national strategy.

As Senator FEINSTEIN mentioned, LNG is part of all of this energy debate and discussion. She has talked very compellingly about the safety issues. LNG, as has been pointed out, is a highly hazardous and explosive material, as its track record clearly shows. At 40 LNG facilities in the world, serious accidents have occurred at 13 of them since 1944. In 1944, an accident at a facility in the United States killed 128 people. An accident at an Algerian facility killed or injured over 100 people. A Sandia Lab report released in December confirms our worst fears: If an LNG tanker or facility catches fire, the lives of residents within a 1-mile radius would be endangered by the resulting explosion.

The United States has not built an LNG facility in an urban area in over 30 years. There are 32 proposals under consideration. One of these facilities is in Weaver's Cove at the mouth of the Taunton River in Fall River, MA, a city of 100,000. And your city could be next.

Let me point out what we are facing in Weaver's Cove in Fall River. If you can see this chart, these small areas are homes. This circle represents 1 mile; 9,000 individuals live within that radius. Here is Somerset School. One thousand children go to that school every single day. And the Wiley School, which 165 students attend; St. Michael's School, another 165 children go every single day.

To transport LNG to the proposed facility at Weaver's Cove, also raises serious safety issues. A 33-million-gallon tanker has to travel 31 miles of coastline, through narrow waterways, along some of our most pristine areas, including Narragansett Bay, one of the populous estuaries in the United States. To reach the facility, the explosive liquefied natural gas would have to travel under five bridges, which are also likely targets for a terrorist attack.

Based on these facts, there is overwhelming opposition to the new facility in Fall River. The mayor of Fall River opposes it, as does the city council. The people of Fall River strongly oppose it. They are not against LNG, but there are 9,000 people living in this area. We are talking about the fact of moving this tanker up a narrow sealane for 31 miles.

Despite their pleas, FERC is moving forward with the approval of the site. FERC has ignored repeated requests from the mayor, myself, and my colleague Senator KERRY to discuss the issue. The congressional delegation has appealed to Secretary Chertoff of the Homeland Security to visit this site and we hope he will soon.

This amendment, as the Senator has pointed out, gives the Governor of a State where the site is proposed a voice in the process. It creates a true Federal-State partnership. That is how we regulate the siting of other hazardous facilities. That is how we should decide the placement of LNG facilities.

We need a responsible approach that makes sense in this new era where security must be a high priority. I hope this amendment will be accepted.

I thank the Senator from California.

Mrs. FEINSTEIN. I thank the distinguished Senator from Massachusetts.

I yield 7 minutes to the Senator from Maine, Ms. SNOWE. Then I ask unanimous consent to yield 7 minutes to Senator REED from Rhode Island.

The PRESIDING OFFICER (Mr. VITTER). Without objection, it is so ordered.

Ms. SNOWE. I thank Senator FEINSTEIN for yielding me time on this amendment. I have cosponsored this amendment because it is critical to involve States in the decisionmaking process of liquified natural gas terminal siting.

Natural gas, like renewable energy, should and will have a major place in our 21st century energy policy. Similar to my colleagues in other rural states, I have had concerns about the high cost of fuel. And similar to my colleagues in northern states, I have heard the concerns of the outrageous cost of oil in relation to our winter heating costs. I recognize the importance of creating a national plan that ensures that both the supply of energy is increased and our demand for energy is curtailed.

It is critical, as the Feinstein-Snowe amendment presents, that we have a responsibility to make sure that at the dawn of the 21st century, we have the ability to select placement of liquified natural gas sites deliberately and with all the potential problems addressed. The only truly effective way of ensuring safe and effective placement of LNG sites is to involve local concerns in the process. States simply need to have a role in deciding where the best LNG sites exist.

The Feinstein-Snowe legislation gives concurrent Federal and State jurisdiction for the siting of LNG facilities so that State governments are not preempted from the decisionmaking process for the location of future LNG facilities.

Let's talk about the scale of these tankers. The placement of an LNG facility has profound effects in the local community environment, ecosystem, fishing industry, and residential commercial communities that are intrinsically linked to the ocean. The decision to fundamentally change the nature of a coastal community in the placing of an LNG site should only be made by including all people in and all actors affected by the siting. This amendment ensures the State governments can provide insight into the location process.

My State of Maine has a coastline that is more than 5,000 miles long,

which is why there is great interest in siting LNG facilities at different locations along its coast. Over this past year in Maine, the controversial siting of LNG facilities has found both support and opposition, finding some residents supporting a substantial source of economic development and revenues and others opposed because of concern about a potential terrorist target, interference with the lobster industry, navigation and spoiling the coastal vistas and land values. Each community has had the opportunity to have its say through referendums. Each resident was able to cast a vote, whether yes or no, as to what he or she thought was best for their community and for their State.

I have had great concerns about handing this very siting decision solely over to a Federal agency and feel very strongly there should be a process in place where the Governor, speaking for the people of Maine, must have an equal opportunity to democratically put a voice to what happens in their own back yard. What has occurred in the various communities is a perfect example as to why States should be given a say in the sitings of these facilities. States simply must have input into such a major decision. We are not talking about the siting of a neighborhood ball park or a new Wal-Mart but a processing facility that totally alters the coastal landscape and a facility that needs to be fed LNG from 13-story-high tankers coming into the port each and every day.

In its current form, the Energy bill before the Senate gives exclusive authority to the Federal Energy Regulatory Commission in selecting LNG sites. This would effectively eliminate any input from State governments into the selection of these locations. Moving total control to FERC transfers an enormous power to an unelected Federal agency which has no accountability to the local communities affected. Without the amendment, local sentiments will go unheard or be simply ignored. To foist upon a State and a local community and to exclude them from the process is clearly unwise.

Within our Union of States, unique State concerns must be recognized in Federal Government decisions. It is the States rights issue, plain and simple. The placement of an LNG facility in a given locality alters the landscape of that community. They are entitled to be involved in a decisionmaking process that allows the voices of the community to be heard.

Let us ensure that the safety, the environment, and local concerns are observed and that we include our State governments as coequals.

I ask my colleagues to join me in supporting the Feinstein-Snowe amendment. I thank the Senator from California for offering it. It is so critical, knowing the experience that has occurred in Maine. With many communities having voiced their opinions on a particular siting for an LNG facility, it is important they are able to participate in the process. I do not believe we should allow the Federal Government to supercede the ability of people to ultimately make a decision that transforms the landscape that clearly does have a direct effect and impact on those communities. That is a decision that should be determined by the people in a particular State. That is what has been happening in my State. It should be able to happen and occur in each and every State in the country. We should not allow Federal legislation to supercede or to prevent States from being able to voice their opinions, their decisions, and their own regulations with respect to siting these facilities.

I yield the floor.

The PRESIDING OFFICER. The Senator from Rhode Island is recognized.

Mr. REED. Mr. President, I rise to join Senator FEINSTEIN as a cosponsor of this amendment, along with my colleagues, Senator SNOWE, Senator SESSIONS, Senator KENNEDY, and many other cosponsors.

The siting of liquefied natural gas import terminals is a critical issue of importance to me and my neighbors in Rhode Island as the Federal Energy Regulatory Commission is considering two proposals: the KeySpan Energy proposal in Providence, RI, and a Weaver's Cove Energy proposal in Fall River, MA. Both of these have a huge impact on the people of Rhode Island.

LNG ships will have to transit Narragansett Bay to get to both of these facilities. The route of transit would be this way, coming off of Block Island Sound. It will pass between Newport, RI, and Jamestown, RI. Newport is one of the most populated cities in our region. It is densely populated. We all know it as a place of tourism and recreation. The boats, literally, would be within hundreds of yards of critical installations—hotels, hospitals, et cetera. Then it would move up, if it is going to Weaver's Cove in Fall River, this way, and would move up under several bridges until it got to the city of Fall River.

The KeySpan proposal would require the transit of a ship going up this way and then moving up around and all the way into Providence, RI, the most densely populated part of the State of Rhode Island, with a huge concentration of people and, indeed, where all of these bay-side areas are being developed intensively.

This project poses serious risks to the State of Rhode Island and the State of Massachusetts. Therefore, it is incumbent we provide local authorities with the ability to effectively involve themselves in the decisionmaking process. We understand there are certain Federal laws that give authority to the State to participate in these decisions—the Clean Water Act, the Clean Air Act, Coastal Zone Management Act—but none of them give the kind of clear involvement and clear leverage that State leaders need to effectively involve themselves in this decisionmaking.

Our amendment ensures that States have an authentic voice in the siting of LNG terminals by giving Governors the same authority to approve or disapprove onshore terminals that they now have over offshore terminals under the Deepwater Port Act.

It seems incongruous that Governors would have the authority to essentially veto an offshore project but they have no meaningful involvement on onshore projects placed in the heart of urban areas.

Let me show you the impact this proposal will have on the city of Providence. The KeySpan proposal would be situated right here, as shown on this chart. Within a very short radius, we have our largest hospital in the State of Rhode Island, our major medical center. We have thousands of homes. We have the downtown business area. Anything that happened here would have catastrophic effects on the State of Rhode Island.

To say the Governor cannot take into consideration factors such as safety and security ignores the current situation we face as a nation. These are very attractive targets to those people who want to seriously harm us, both in a physical sense and a psychological sense. We have to provide, I believe, at the local level, a meaningful way for Governors to participate in the siting of these facilities.

Again, it is not just a situation where they do not want it in their particular area. We understand there is a need for liquefied natural gas. We understand it is becoming an increasingly more important component of our energy sector. But we have to have the ability to look at safety issues and security issues.

This is particularly important after the report from the Sandia National Laboratories that said a terror attack on a tanker delivering LNG to a U.S. terminal could set off a fire so hot it would burn skin and damage buildings nearly a mile away. A mile from this facility encompasses huge swathes of Providence, RI, Cranston, RI, East Providence, RI, major medical facilities. This would be a devastating blow.

Now, the odds of such an attack, we hope, are very low, but the low odds, together with the huge consequences, suggest we have to be careful about this. We have to, I believe, give our local leaders, our Governor particularly, the ability to participate in this approval process.

I am confident this amendment will do that. It will require FERC and other Federal agencies to work more closely with Governors and State environmental authorities and the first responder agencies that have firsthand knowledge of the geography and the population of these particular areas.

We want to bring more natural gas to our communities, but we do not want to jeopardize the safety and the security of our communities in a world

today, regrettably but actually, very dangerous and very capable of these types of attacks on these types of facilities.

So I urge all of my colleagues to support Senator FEINSTEIN. I thank her for her leadership. This is very typical of her very thoughtful review of this bill but particularly this aspect of LNG.

I yield the floor.

The PRESIDING OFFICER. The Senator from California is recognized.

Mrs. FEINSTEIN. Mr. President, I thank the Senator from Maine, the Senator from Rhode Island, and the Senator from Massachusetts for their comments. I believe that consumes the time I have; is that correct?

The PRESIDING OFFICER. The Senator has 1 minute.

Mrs. FEINSTEIN. Mr. President, I reserve the remainder of my time.

The PRESIDING OFFICER. The Senator from New Mexico is recognized.

Mr. DOMENICI. Mr. President, parliamentary inquiry: How much time do we have in opposition to the amendment?

The PRESIDING OFFICER. The Senator has 30 minutes.

Mr. DOMENICI. Thirty minutes. I yield to the distinguished junior Senator from Tennessee 7 minutes to start our debate.

I yield the floor.

The PRESIDING OFFICER. The Senator from Tennessee is recognized.

Mr. ALEXANDER. Mr. President, I thank the distinguished Senator from New Mexico and also the Senator from California for her contribution to the debate.

Let me begin by saying what we are talking about here. Sometimes we jump into subjects assuming everybody knows what we are talking about and it is not altogether clear.

We are talking about bringing natural gas from other countries into the United States to put in our pipelines, which then would be transported to be used in our industries, which use it to make chemicals and cars and other things, such as our industry which makes fertilizers for our farmers, and to use it in our homes so we can heat and cool them.

We have a terrific problem with natural gas. There is a lot of talk about gasoline, a lot of speeches being made about the prices at the pump. That is by far not the biggest problem we have in the United States right now in terms of energy. Our biggest challenge is the price of natural gas.

Now, why is that? For example, down in Tennessee—I have used this example many times, but it sticks out vividly in my mind—there is a company called Eastman Chemical. They employ 10,000 or 12,000 people—blue-collar workers, white-collar workers. They have for three generations. Forty percent of their cost is natural gas to make chemicals. There are 1 million blue-collar workers just like that across our country.

The price of natural gas in the United States is at a record level. It has gone from the lowest in the industrialized world to the highest in the industrialized world at $7 a unit. If it stays there, more and more of those jobs are going to be in Germany and other places where it is cheaper. So if we do not bring the gas in, the jobs are going out.

Now, how can we get a greater supply of gas? The Domenici-Bingaman bill has everything in it to help do that, but most of it is over the long term. New nuclear power would help, but it will be a few years. Coal gasification with carbon sequestration would help, but it will be a few years. Oil savings will help. It will take a little while, too.

The only thing that is going to help right now is new supplies—and it is pretty hard to get that in the United States—conservation—that is really where we ought to start—and the only thing left is liquefied natural gas.

The experts—the American Gas Foundation—say to us, if we bring in liquefied natural gas, the price of $7 a unit might go down. It might go down to $5 a unit. These jobs might stay here. These farmers might not have such a big pay cut, and the homeowners might get a break. But if we do not bring in natural gas, which is a very small part of our supply right now—2, 3, 4 percent—if we do not bring it in, the price of natural gas may be $13 a unit.

That will be a crisis for this country. It will not matter what the price of gasoline is in this country. If the price of natural gas is $13 a unit, we will not have anybody with enough money to buy gasoline because they won't have any money. They won't have a job. Their job will go overseas.

Why are we not bringing in more liquefied natural gas? Because we need terminals to store it in before we put it in our pipes. We only have four. We need a few more. We have 31 applications for those onshore and offshore. But we have a process that is broken. It is filled with uncertainty. It is in the courts. If we do not give it some certainty, the jobs will go overseas, the farmers will be taking a pay cut, and the homeowners are going to be paying bills they cannot afford to pay. So what the Domenici-Bingaman legislation does is give it some certainty.

Now, there is always the question of, What is the right balance of Federal authority—when you are dealing with foreign commerce and a national issue like this and security and safety—and local input? I find myself usually on the same side of the debates as the Senator from California. She was a mayor. I was a Governor. And I do not think we raise the principle of federalism high enough in our debates. But it does not always trump everything.

I happen to think the Domenici-Bingaman proposal is the right balance. First, what it does is it streamlines and makes more efficient the site process. In other words, if you want to file an application for a liquefied natural gas terminal, you go to one place. That would be the Federal Energy Regulatory Commission. It has the responsibility. Someone needs to have the sole responsibility for siting these plants.

Then, what do you do about State and local governments? Well, there were a lot of choices. One choice would have been to cut them out. That is not the proposal here. I would not have supported it if it were.

Here is what a Governor can do: A Governor has many rights under the Coastal Zone Management Act in terms of the location of an LNG terminal. If a Governor objects under the Coastal Zone Management Act, it is true the Secretary of Commerce might override them. But in a country that values federalism, if a Governor objects in a strong way, that is a very powerful decision.

But even if the Governor were overridden, the Governor has some other tools at his or her disposal, if the Governor objects. There is the clean water certificate, which the State issues. There is the clean air certificate, which the State issues. Nothing in this act changes that. The State still has to do it.

So there are three: the Coastal Zone Management Act, the Clean Air Act, and the Clean Water Act.

Now, in addition to that, nothing in this legislation speaks of eminent domain. We do not grant eminent domain. There is no explicit grant of eminent domain in this legislation, and there are local zoning and land use planning rules in almost every community that would have to be respected.

So I believe if I were the Governor of a State and I really did not want an LNG terminal, I would have plenty of tools in my arsenal to make my case.

We have 31 applications around the country. We only need a few more LNG terminals. It will be better for the regions of the country if they are located in the proper place. I do not know why the people in New York City would want to pay super-high natural gas prices. If they do not, they need a terminal up there so the gas does not have to be shipped up from New Orleans.

So all these factors have to be taken into account. But my points are these: I believe the Domenici-Bingaman legislation has achieved the right balance on crisis issues. If there is one thing this legislation does—this whole bill does—that is important, that will affect the largest number of Americans, it is it will lower the price of natural gas. This may be the most important provision in the bill for that purpose because it will permit the bringing in of an immediate supply of natural gas. When the supply comes in, the price should stop going up and, hopefully, begin to go down, especially if all the other provisions in here—for conservation, alternative energy, oil savings—are used.

So I commend the Senator for his proposal. It is the right balance. I believe it is the most crucial part of the legislation we are considering if what we want to do is bring down prices. It gives the Governor a good measure of authority and respects local zoning and land use issues sufficiently to permit us to go forward and find a few more places. My guess is there will not be a natural liquefied gas terminal unless there is some consensus within the community and the State that it should be there.

The PRESIDING OFFICER. The Senator from New Mexico is recognized.

Mr. BINGAMAN. Mr. President, let me speak also in opposition to the Feinstein amendment. Federal jurisdiction over the siting of import and export terminals is constitutional, it is appropriate, it is a necessary part of this energy bill, in my view, and of any rational national energy policy.

Obviously, as the Senator from Tennessee was just pointing out, an adequate natural gas supply is extremely important to our Nation's economy. The regulation of foreign commerce, such as import and export terminals for LNG, is a Federal role under our Constitution.

The States have a legitimate interest, an interest in protecting their environment and the health and safety of their citizens. But the Feinstein amendment is not necessary because State participation authority in the LNG siting process is already very robust. For us to add another provision of law that says after the NEPA process is completed a Governor can come in and veto the siting of an LNG facility would be bad policy. In my view, the amendment being offered ignores the current State authority and turns the process on its head.

Today, for both offshore and onshore LNG proposals, State agencies with environmental expertise and related permitting authority are active participants in the NEPA process. Furthermore, an applicant must obtain all of the required State and local permits before that applicant can construct and operate an LNG terminal.

The bill which we have reported out of the committee does not take away any existing State authorities related to the LNG siting process. And the key Federal statutes that provide States permitting authority—those statutes are explicitly protected in our committee bill. It strikes a balance between Federal and State interests.

The Deepwater Port Act Gubernatorial veto, which has been referred to by the Senator from California, is not a good model for us to follow in this legislation. It was enacted in 1974 to provide a process for siting deepwater oil ports. The Governors' veto authority in the Deepwater Port Act has never been utilized. We are not certain why, but I would argue it is an artifact from a time when the environmental statutes that States currently can use were very new and were untested. The National Environmental Policy Act, NEPA, of 1969, was just in its infancy in 1974.

The NEPA process has evolved since the 1970s to require a thorough and wide-ranging public review of the environmental impacts of Federal actions and a consideration of alternatives to the proposed actions. Many other environmental statutes—the Coastal Zone Management Act mentioned by the Senator from Tennessee, the Federal Water Pollution Control Act, and the Clean Air Act—were also enacted in the early 1970s. These Federal statutes delegate significant permitting authority to the States.

The Feinstein amendment is not workable as it is currently drafted. It allows the Governor to veto a proposed terminal after the entire NEPA process has been completed and a final environmental impact statement has been issued. Yet the amendment does not require the Governor or the relevant State agencies to participate in that same NEPA process. This is a process that can take up to a year to complete. It is a process that is designed to involve all interested parties and to identify all of the significant environmental and safety issues that need to be resolved.

The amendment also allows the Governor to require the FERC to impose conditions on the LNG project to make it consistent with State environmental laws. But the veto and the consistency provisions in the Feinstein amendment duplicate authorities the States already have under other laws. The Coastal Zone Management Act requires that an applicant seeking a Federal permit to construct an LNG terminal in a coastal area prove to the State that the activity will be consistent with the State's coastal laws. If the State denies the consistency determination, the Federal permit cannot be issued. This effectively vetoes the project. There is a limited right of appeal to the Secretary of Commerce.

The Clean Water Act requires that an applicant obtain from the State a section 401 certification that the facility will comply with the act, including the State's water quality standards. Denial of this certification effectively vetoes the project as the only appeal that is provided for is to the State courts.

The committee bill does not take away any of these powers, nor does it affect the State and local laws that require project developers to obtain dozens of permits for LNG facilities.

I ask my colleagues: Why do we need to add this additional authority? It will discourage States from engaging in the NEPA process for a project that is in its early stages, when alternative sites can be identified and safety measures can be required. Indeed, the prospect of the Governor waiting to interject himself and the State at a later point in the project after the environmental impact statement is done will discourage industry from developing the LNG terminals that the country will need in the future.

Let me mention one other fact. I know the Senator from Rhode Island was talking about problems. He mentioned the KeySpan project in his State. FERC currently is actively engaged in assuring that these facilities are sited in safe locations. The Energy Daily, on May 23, had an article in it with the headline ''FERC Staff Flunks Rhode Island LNG Facility on Safety.''

In this article they point out that ''the Federal Energy Regulatory Commission staff, in a final environmental impact analysis, said Friday that a controversial liquefied natural gas terminal project in Rhode Island would flunk Federal safety standards with inadequate earthquake protection and an insufficient fire buffer.''

Then the article goes on to say:

> . . . it is highly unlikely that FERC would vote to approve the project over the findings of the final [environmental impact statement] which said rather bluntly: ''KeySpan's LNG's proposed LNG import terminal would not meet current LNG safety standards . . . [and] KeySpan LNG has not provided any data to show that the proposed import terminal can be brought into compliance with the current safety standards.''

I cite that to make the point that FERC is doing its job. They are not trying to put facilities or permit facilities at locations that are unsafe. They are taking into account the concerns of the local community and the concerns of the States. They are flunking applications where those concerns are valid.

We have tried to protect the rights of States and local communities in this legislation. I believe we have done that. I urge that we not adopt the Feinstein amendment.

I yield the floor.

The PRESIDING OFFICER. The Senator from New Mexico.

Mr. DOMENICI. Mr. President, I hope that Senators and those advising Senators listened carefully to the two arguments that have already been made. In particular, I commend both Senators. But let me say, if you listen carefully to the argument that Senator BINGAMAN, my colleague from New Mexico, just made, it should be clear that there is no intention in our legislation that local authorities be usurped. There is no intention that the environmental law of the land—NEPA—not be complied with. As a matter of fact, it is required.

There is nothing in this law that will take a myriad of State and local requirements and do anything other than say they must be complied with.

I have behind me a chart which summarizes that permit and certification approval that must take place before we get to the final stages. And you go through a myriad of activities. We are talking about California: Fish and Wildlife, the Department of Transportation, regional water quality, California State Historic Preservation, storm water discharge associated with construction—we can go on and on, all of these things, including a full analysis as required by the National Environmental Policy Act, NEPA.

As we wrote this bill, we were trying to write national energy policy. Our country has been accustomed to a myriad of regulatory constraints and litigation before issues that are significant to our Nation's energy come to an end. We decided that there was protection with reference to the citizens, the location, and the States in the existing law of our land, and we didn't touch it. We merely said, in the final analysis, the last step will be decided by FERC, the Federal Energy Regulatory Commission.

This is a national energy issue. For anyone who thinks this is purely a simple issue of whether a Governor, when this process is all completed, ought to be able to say with a pen ''I veto this,'' that is not the case. Any Governor who wants to participate and have a meaningful decisionmaking involvement has ample opportunity to do so, and they will. They will be heard.

In the final analysis, this country cannot wait and sit around and say: We will wait until this matter is litigated. We will wait until we see how many Governors want to say no, until we find one that will say yes. When, as a matter of fact, out of a myriad of applications—one, two, three, or four—one will have been deemed by every single environmental, every single test, every zoning law to be safe and sound. The country is dependent upon natural gas and the price of it for our future well-being. That has been stated over and over. This is an issue about whether we have a fertilizer industry. This is an issue of whether we import what we need to grow our crops or whether we produce it here. This is an issue whether America produces the chemicals we need for our lifestyle.

Why is it that? Because natural gas is the primary ingredient to all those things and more. As the Senator from Tennessee said, we had the luxury of the lowest natural gas prices. Natural gas was not in abundance when it was the lowest. Sure, we have a lot more natural gas we are producing in America. But the Senator from Tennessee indicated that we are doing everything we can to maximize our production. I want to add to his litany of what we are doing, to assure those who produce natural gas in America, we are not forgetting about them in this legislation. We are trying to give them every opportunity to produce more. We have streamlined their permitting process. We want America to produce it. But the one chance we have to bring back that competition that comes, when you have enough so that demand does not totally set the price but supply has something to do with it, is to let it be imported.

I wish I wasn't here saying that. I wish I could say America is not going to have to import natural gas. I tried my best before I started this bill. The Senator from New Mexico looked at it. I found those who say we cannot survive the next 25 years without very large increases in the natural gas that we need to use. We have to add a huge amount to what we can produce to survive.

What happens if we have a bottleneck of significant proportions on getting that natural gas into the country? The $7 plus per unit will go to $8. It will to go $9. It will go to $10. One prediction is it will go to $13. On the way, America will be going out of business. As it goes up, we are going out. We are going to lose jobs everywhere. All we are suggesting is, don't add to it. I would imagine if you looked in the world and you looked inside and said analyze how safe can the siting of one of these ports in an inland location, how safe can you make the site, you probably would say we have done everything that you could imagine to make sure that happens.

The only thing we have said is, when it is all finished—months and months, maybe even years—you can't then say a Governor can come a long and say no.

Nobody should think this is a States rights issue. This is a reasonable approach to an American problem of significance. Any Governor who is worth his salt—and probably all of them are—you can rest assured will be involved in this process. They will be involved. They just are not going to be able to say: Well, I watched it all, I have looked at it all—or, as Senator BINGAMAN says, perhaps they will let it all go by—and when we are finished, I will make a decision. They could say that. But I don't think that is going to happen.

First of all, we are not going to let that happen. But nobody is going to do that. They are going to get involved in all of these things that are here. In California, on the local level, you have to go through the Port of Long Beach, a harbor development permit, a building permit, the Port of Long Beach Development, city of Long Beach Engineering and Public Works. All of these things have to be done. We are not going to roll anybody over.

But in the final analysis, the States should be involved in that. If a Governor is concerned about his people, he should be involved. And, frankly, there is no doubt in my mind that if some mistakes are being made, they are going to get caught. Senator BINGAMAN just cited one. They aren't even close to a permit in one application. What has FERC said? They sent their people out to look at it. They said: Forget about it. It flunks the test. They didn't only fail their test, they would fail anybody's test. It would fail the test of any one of these entities. So it wouldn't be built.

But let me suggest, we have gone through making mistake after mistake by piling regulatory authority upon regulatory authority, to the extent that we have ended up saying:

OK, give up. We are just not going to do that.

The best example is nuclear power. I don't mean to have a big debate on it. But we decided that we should take care of that by litigation. We said: We will purify the shortcomings by going to court. We found out, if you to go court enough times, you kill anything because you can't get the money invested. It is a business. It must be done on the basis of financial returns, probability and risk.

I also want to say that something has been said here today about the risks involved in LNG. I don't want to get into a debate of risks involving LNG ports.

I suggest the Sandia National Laboratory report that was alluded to earlier by the distinguished Senator from Massachusetts. But rather than pick one section from it and reading it, it concludes that the chances anything serious will happen are minuscule. Everything you do of significance has a risk. If you don't want to risk your legs wearing out, don't get out of bed in the morning. Lay in bed your whole life. You sure won't hurt your knees. You may not be able to do anything, but you sure won't hurt your knees. Don't worry about that risk. There is a risk in everything involved in energy, but a minor risk when it comes to LNG ports. That is throughout this Sandia report.

That is an aside, just to say nobody is trying to take a risk-laden act for the location of a site and escape scrutiny. Nobody is suggesting that in this bipartisan bill that passed the committee 22 to 1. Nobody is suggesting that. Nobody is suggesting we are enhancing the risk of doing something we must do. Not at all.

I will close by saying something I believe everybody should understand. It is consensus interpretation that right now, today, without this bipartisan bill, the Federal Government has a say-so about location. I can cite various commissions, various legal opinions. But understand that when such an issue is contentious, imagine how long it could take to get a decision made about something important to a country—how many years.

I note the presence on the floor of a distinguished lawyer, the Senator from Alabama. I don't know where he is on this issue. As a States rights Senator, he probably thinks this is a States right issue. I am a States rights Senator, too, but I don't think it is. He knows how many years of litigation it would take. Would it take one? It could take four or maybe more. It would go through district court, Federal court, an appeal, they would redo it, and then somebody files an injunction and they take another appeal—while FERC says, why don't we locate a port and bring this LNG in here.

I close by saying that we are dependent upon crude oil from overseas for our very survival. I wish I could tell you we are not going to become dependent upon natural gas from overseas, but that is not the case. We are going to be. You know, those countries are going to spend so much money making sure they develop the kinds of boats needed to bring it over here that

are safe. I heard from one country that they are going to invest billions of dollars for the safety of the hulls of those ships that are going to bring it over here because they, too, know they cannot have accidents. All of this means this is profitable to somebody who produces it. We hope we don't make it such that it is more profitable because the supply is limited because we cannot act.

So this is a provision in our bill which says: Act with extreme prudence. Act only after you go through every hoop you could go through. But don't, at the end of it all, say: Governor, after all, it is a national problem studied by everybody, with environmental impact statements completed, local zoning ordinances, and the Governor could get involved and argue and send his people, and when it is finished, he can take out his pen and say I veto it. I don't think that is the way to do it.

I have not made my argument with as much legal precision as my friend Senator BINGAMAN, but I do believe I have stated the case—not the case for California, but the case for America. Let me say there is no better advocate than Senator FEINSTEIN. But I must admit there is no State that makes more decisions against producing energy in their State for their people than California.

My time is expired. I yield the floor.

Mr. DODD. Mr. President, I am pleased to join my colleague from California, Senator FEINSTEIN, as a cosponsor of an amendment to ensure there is State authority in the siting of liquified natural gas (LNG) facilities.

I am troubled by section 381 of the underlying Senate energy bill that preempts State authority and gives exclusive authority to the Federal Energy Regulatory Commission (FERC) to approve or deny an application for the siting, construction, expansion, or operation of LNG facilities within state boundaries. Extreme care must be taken to ensure that no energy project undermines the economic and environmental well-being of a State. The provision in the energy bill undercuts the rights of States to determine how best to protect their natural resources, economy and residents. It erodes State authority under the Coastal Zone Management Act, the Clean Air Act, and the Federal Water Pollution Control Act, to name but a few landmark environmental pieces of legislation that have established and affirmed the critical role of States in setting energy policy.

Our amendment seeks to provide dual jurisdiction for States and the Federal Government, with respect to LNG facilities, similar to the provisions of the Deepwater Port Act of 1974 and as last amended in 2003. We are not inventing any new authority. Our straightforward amendment would require that FERC shall not approve an LNG license without the approval of a Governor. It defies common sense to have the voice of the States silenced by the Federal Government. The will of the people must be heard.

Frankly, I do not see the need to turn our siting authority on its head. It is my understanding that as many as six LNG facilities have recently been approved by FERC and two additional facilities have been approved by the Maritime Administration (MARAD). These new facilities would join the 4 currently operating LNG facilities—facilities that have been in existence for many years. In February, the current FERC Chairman stated that he expected at least eight new terminals for LNG to be built in the next 5 years. That many have already received FERC clearance, but there are another 16 proposals with FERC, 7 proposals with MARAD and another 10 potential sites identified by project sponsors.

I understand the need for increasing our supply of natural gas. But I am concerned that an over-reliance on LNG will simply shift this country from a reliance on foreign oil to a reliance on foreign sources of LNG. It is my understanding that Iran, Qatar and Russia hold more than half of the world's natural gas reserves. In April, Qatar, Iran, Egypt, Nigeria, Venezuela, and other natural gas producing nations met to discuss LNG pricing concerns, leading many to believe there is a will to some day form an OPEC-like structure.

One of those LNG proposals before FERC would be located in Long Island Sound. While this structure is not onshore, it is still within State boundaries. It would tentatively be positioned about 11 miles from Connecticut and 9 miles from New York. According to the company's own pre-filing with FERC, the floating storage and regasification unit (FSRU) would be about 1,200 feet long and 180 feet wide. That is longer than 3 football fields and a bit wider than one field. The structure would stand 100 feet above the surface of the water. That is about one-third the height of the Capitol from the base to the top of the Statue of Freedom. After warming the LNG to a gas, it would be transported in a NEW pipeline under Long Island Sound to an existing underwater pipeline. The structure would receive LNG shipments every 3 to 4 days and these tankers are projected to be nearly 1,000 feet long.

These are not benign actions. The construction of the LNG structure and a new pipeline, combined with the ongoing tanker activity would have an immediate and immense impact on Long Island Sound and the states of Connecticut and New York. Tanker activity alone could cause such an exclusion zone that normal commerce and recreation on Long Island Sound could be dramatically impaired. It is imperative that the governor have authority to determine whether this project is safe, economic and reliable.

Let us not forget, this proposed structure would be smack in the middle of Long Island Sound. Any attempt to move it away from Connecticut only moves it closer to New York and vice versa. Long Island Sound is an estuary of national significance, but it is only 21 miles at its widest. There is not a lot of wiggle room for this structure. More than 8 million people live and vacation on or around Long Island Sound. Connecticut and New York have already spent millions of dollars and dedicated millions more to restore the health of the Long Island Sound ecosystem. A healthy habitat ensures a prosperous recreational and commercial fishing industry, boating, swimming, and an overall thriving tourism industry. Long Island Sound provides an economic benefit of more than $5 billion to the regional economy.

So, as this process moves along, decisions regarding the siting of an LNG facility must take into account its safety and security, its environmental impact, its actual energy benefits and its general fit within Long Island Sound. LNG facilities must be sited smartly and our governors must have a final say. I ask my colleagues to support this amendment.

Mr. SHELBY. Mr. President, I rise today to speak in relation to the Feinstein amendment.

The issue of liquefied natural gas, or LNG, has become one of great concern In my home State of Alabama and to many others across the country. I believe it is important that LNG be part of our Nation's comprehensive energy plan. However, we must ensure that these facilities are safe and are sited in appropriate locations that have the support of the local communities and the State.

I recognize that the Federal Government should have the authority to site and permit these facilities—but not without the input of the State and the local community. I do not believe that the Federal Government should run rough-shod over State and local interests. It is imperative that they be protected throughout the siting process. To that end, I believe that a clear and direct line of communication between the Federal Energy Regulatory Commission and State and local governments be established—because I do not believe that the current process provides such an avenue.

However, I do not believe that the Feinstein amendment is the appropriate way to ensure this relationship. While I am firmly committed to States rights, I believe that giving a State ''veto'' power over the siting of an LNG terminal is contrary to the Constitution and in my opinion, not in the best interests of our Nation. The interstate commerce clause clearly places matters of interstate and foreign commerce in the hands of the Federal Government.

I believe that we can provide an avenue for State and local involvement while still preserving the constitutional role of the Federal Government in matters of interstate commerce. To that end, I have worked with Chairman

DOMENICI and Senator BINGAMAN to craft language that strikes that important balance. I believe that we have crafted a proposal that does just that and would encourage my colleagues to consider that language before we end debate on the issue of LNG.

The proposal that I reference will provide our State and local communities with a strong voice in the permitting and siting process of LNG facilities while maintaining the critical role of the Federal Government in interstate and foreign commerce. This language ensures that State and local authorities are represented by a single party or agency throughout the process and that their concerns regarding safety, security, coastal conservation and environmental protection are clearly articulated and acknowledged. In addition, the language also clearly lays out the process for developing a cost sharing plan between the industry and the State, local, and Federal agencies tasked with maintaining safety and security around the facility. This will ensure that these facilities do not tax the response systems to the detriment of the surrounding community.

I have been involved in the debate over LNG for the last several years and my goal and concern has been and always will be to protect the citizen's of Alabama while also providing an opportunity for the development of a critical asset. I thank Chairman DOMENICI for his willingness to work on this issue and find a common ground.

Mrs. BOXER. Mr. President, I am pleased to co-sponsor Senator FEINSTEIN's amendment to provide Governors with veto authority on the siting of onshore liquified natural gas, LNG, facilities. This is an extremely important issue in California, and I commend my colleague for her amendment.

The energy bill we are debating hands full authority for LNG siting decisions to a federal entity, the Federal Energy Regulatory Commission, FERC. It denies States a role in deciding whether and where LNG terminals may be located on our coastlines.

This is a misguided proposal.

Does FERC have a better understanding than a State's Governor of the potential environmental impact of an LNG facility located on or near the State's shore? Does FERC better understand the potential safety risk of facilities located near residential areas? Is FERC better qualified than a State to judge whether a proposed LNG facility would pose an unacceptable security risk to the area? Can FERC make a better judgment than the Governor of a State as to whether the benefits of an LNG facility will outweigh the drawbacks?

The answer to all of these questions is ''no.'' Only individual States can determine the best solution for their citizens when so much is at stake in terms of safety, security, and the sanctity of our environment.

We in California are all too aware that the Federal Energy Regulatory Commission's decisions may not be in our best interests. For too long during California's energy crisis in 2000–2001, FERC ignored the problem and took no action to help. Even today, four years later, we are still waiting for FERC to order refunds on the unjust and unreasonable rates charged by energy companies that were manipulating the market. We in California do not trust FERC to protect our interests.

I recognize that this country has a growing need for natural gas resources, and the construction of LNG facilities will help meet that need in the years to come. I am not arguing that no LNG terminals should be constructed on or close to our shores. I am simply arguing that FERC should not be the final arbiter in determining where those facilities are located. Each State deserves to decide for itself whether the benefits of such a facility outweigh the costs.

I urge my colleagues to vote for this amendment.

Ms. CANTWELL. Mr. President, I rise today in support of the amendment offered by Senator FEINSTEIN. This amendment is an important, commonsense tool that will provide States with the authority they need to protect their citizens' safety, security, and environment.

The underlying bill grants exclusive jurisdiction to the Federal Energy Regulatory Commission for the siting of LNG facilities. Unfortunately, this model minimizes the opportunity for important State interests regarding public safety, security, and environmental concerns to be adequately addressed within the LNG siting process.

The Feinstein amendment is simple—it allows the Governor of affected States to approve, veto, or condition the siting of onshore liquefied natural gas, LNG, terminals based on safety, security, environmental, and other concerns. In addition to providing Governors a clear role in bringing safety and security challenges to light, it also provides them with the tools to have those concerns adequately addressed.

Furthermore, the Feinstein amendment makes sense. Under the Deepwater Port Act of 1974, the Governors of adjacent coastal States already have the ability to veto, approve, or condition the siting of LNG terminals located outside of their jurisdiction in Federal waters. Affected States should have the same authority over LNG facilities on their land or bodies of water that they already have over facilities sited in Federal waters. The Feinstein amendment grants states this important role over LNG facilities proposed within their jurisdiction.

The Feinstein amendment is critical to assure that safety and homeland security concerns related to LNG facilities are addressed. Since 1944 there have been 13 serious accidents at onshore LNG facilities. A recent LNG accident in Algeria killed 27 workers, injured 74 others, and was reported to be the worst petrochemical fire in Algeria in more than 40 years.

Several reports have cited the potential homeland security challenges posed by LNG terminals, delivery tankers and their role in a potential terrorist attack. The potential impacts of a well-coordinated terrorist attack are immense. A December 2004 report by Sandia National Laboratories, reported that an intentional LNG spill and resulting fire could cause ''major'' injuries to people and ''significant'' damage to structures within approximately .3 miles of the spill site, more moderate injuries and structural damage up to 1 mile from the spill site, and lower impacts out to 1.5 miles.

Given these potential safety and homeland security concerns, Governors should have a clear role to play in the siting of LNG facilities within their jurisdiction. I urge my colleagues to support the Feinstein amendment that will support the rights of States to adequately protect their citizens' safety, security, and environment.

The PRESIDING OFFICER. The Senator from California is recognized.

Mrs. FEINSTEIN. Mr. President, I understand I have a minute remaining.

The PRESIDING OFFICER. That is correct.

Mrs. FEINSTEIN. However, Senator SESSIONS has asked to speak for 3 minutes, and then I would like to have 1 minute to wrap up, if I might. I ask unanimous consent that the time be extended in that regard.

Mr. DOMENICI. Reserving the right to object, I have no objection if we add to that that we have the same amount of time added to our side.

The PRESIDING OFFICER. There would be 3 minutes additional to each side. Is there objection?

Mrs. FEINSTEIN. Three minutes for Senator SESSIONS, and 1 minute for Senator DOMENICI, and 1 for me?

The PRESIDING OFFICER. As the Chair understands the request, there would be 3 minutes for Senator SESSIONS, Senator FEINSTEIN's remaining 1 minute, and 3 minutes for Senator DOMENICI.

Mrs. FEINSTEIN. Three additional minutes?

Mr. DOMENICI. We are adding 3 minutes to the Senator's time, so we should get 3 minutes. The Senator's doesn't count because she has it anyway.

Mrs. FEINSTEIN. OK.

The PRESIDING OFFICER. Without objection, it is so ordered.

The Senator from Alabama is recognized.

Mr. SESSIONS. Mr. President, I express my admiration for the Senator from New Mexico and his leadership on this bill. In his heart, he is right and fundamentally correct that this country needs to produce more energy. The State of Alabama has been very aggressive in supporting our Nation's need for energy. We have wells drilled right off our coast, far off our coast, and we believe that is good for this country. As a matter of fact, off our coast, beyond a 3-mile or 9-mile limit it is Federal

waters and States don't have control over that. To bring an LNG terminal into a community can cause some real problems.

I appreciate the leadership of Senator DOMENICI and Senator BINGAMAN in offering an alternative solution to this approval process. But I frankly don't think it is sufficient. We have to have some ability for the local governments to have real, meaningful objections raised for the safety of the people in the community. So that is what I am concerned about.

At this time, the suggestions that are made in good faith, are not sufficient. There is no doubt that natural gas is important to our country. Higher demand is there every day. Our supplies will dwindle unless we bring on new sources. Liquefied natural gas can be brought into this country. It burns cleaner than most other fuels. If we can bring it in in large numbers, it will be good for America. But to say that a State or a Governor cannot participate fundamentally with some real power I think would be a dangerous step. That is why I must reluctantly oppose the current language and support Senator FEINSTEIN's language.

Also, our community of Mobile, my hometown, wrestled with an LNG terminal recently. They wanted to place it pretty close in and there was a great deal of concern expressed about safety. I frankly am not one capable of analyzing the scientific data that was raised in that regard. But I will say that serious concerns were raised and the Governor did participate. As a result, I think a new site and a new way of bringing that in would be established, if it is done at all.

So I say my concern is that we have to have a more meaningful participation by the Governors. I thank the Senator for his good-faith response, but I must support this amendment, as I think it is the right step. I agree fundamentally that interstate transportation of product is a Federal Government issue——

The PRESIDING OFFICER. The Senator's time has expired.

Mr. SESSIONS. But creating a terminal may not be. I thank you.

The PRESIDING OFFICER. The Senator from New Mexico is recognized.

Mr. BINGAMAN. Mr. President, there is 3 minutes remaining in opposition to the amendment?

The PRESIDING OFFICER. That is correct.

Mr. BINGAMAN. Mr. President, let me speak briefly. I thank my colleague for yielding me some time to conclude my remarks here, and I compliment him on his statement. The Constitution is very clear. It says in article I of the Constitution—and Senator BYRD isn't on the floor, but he is usually reading this to us—that ''the Congress shall have the power''—then it lists a whole bunch of things—''to regulate commerce with foreign nations and among the several States and with the Indian tribes.''

This is a question of siting import and export terminals, so that we can conduct business with foreign nations. Clearly, there are major authorities that States and local governments have to participate in this process and to object. Anybody who has tried to site one of these terminals—and I have talked to several of them—will tell you there are a lot of people in the process who can say ''no'' and that ''no'' will stick.

The States clearly are in that position. The States, under the Coastal Zone Management Act, have the ability to say no, if they do not determine that the permitting or that the applicant who is seeking a permit is consistent with the State's coastal laws. Under the Clean Water Act, the State can say no and deny a certification under section 411 if they determine that the proposal has not complied with the State water quality standards. There are a variety of places where the State can say no and, of course, local communities as well.

What we have tried to do in the underlying bill is to be sure that once the need for process is completed, once the State has signed off on various permits and certifications, then there is not an additional problem that can be raised by the Governor of the State. Presumably, that government will have been involved in every stage of this process, and that State's appropriate agencies will have been involved in every stage of the process. But we need to have some finality to this, and we need to be able to be sure FERC can go ahead with the siting if they determine, after all this has been done, that in fact this is a safe project that makes sense and ought to be permitted. That is all we are trying to do in the bill.

The amendment of the Senator from California would have the effect of saying to Governors that you have the final word. Regardless of what FERC determines, regardless of what the process reveals, regardless of any of that, if you still don't like it, you can say no. That is not a good process. That will not give the confidence and assurance that is needed.

The PRESIDING OFFICER. The time of the Senator has expired.

Mr. BINGAMAN. Mr. President, I urge defeat of the amendment.

I yield the floor.

The PRESIDING OFFICER. The Senator from California is recognized.

Mrs. FEINSTEIN. Mr. President, I ask unanimous consent to add Senator CHAFEE as an original cosponsor.

The PRESIDING OFFICER. Without objection, it is so ordered.

Mrs. FEINSTEIN. In the first place, there is no Federal delegated authority for safety. Let me give you an example, a case in point of what that means. That case in point was presented by Senator KENNEDY on the Fall River placement of an LNG facility in the heart of river territory in Massachusetts. Three schools are in the area, with 9,000 people in the immediate area. It was opposed by the State government and every local city and town. But the FERC staff recommended the project go forward in the final environmental impact report.

FERC is no guardian of safety. This is a case in point to give Governors some authority. The Deepwater Port Act gives Governors authority offshore. They should have it on shore, too.

I yield the floor.

Mr. DOMENICI. Mr. President, I ask the Senator from California if she would be interested in having an additional minute. You know there is something in this question.

Mrs. FEINSTEIN. The Senator's generosity overcame me for a minute.

Mr. DOMENICI. The Senator from California will have one minute, and we will have one minute.

Mrs. FEINSTEIN. I appreciate that.

Mr. DOMENICI. It is the Senator's right.

The PRESIDING OFFICER. Is there objection to the unanimous consent request for 1 additional minute on each side? Without objection, it is so ordered.

Mrs. FEINSTEIN. Mr. President, the Deepwater Port Act gives Governors the right of veto over an LNG port 3 miles or more offshore, but this bill prevents them from having any authority if there is a proposal for an LNG terminal right on State land, right in the heart of a metropolitan area, right where it presents a danger to citizens, right where it could present an environmental disaster. This is an idiosyncracy which is wrong. All we have done is replicate the Deepwater Port Act's authority.

The other point I wish to make is there is in this bill the right of appeal. There is the right of the Commerce Department to step in and reverse anything a State does in this regard. There will be LNG terminals sited, let there be no doubt about it. The key is to site them smartly, to site them where they make the best sense.

I thank the Chair.

The PRESIDING OFFICER. The Senator's time has expired.

Mr. DOMENICI. Mr. President, I yield my minute to Senator CRAIG.

The PRESIDING OFFICER. The Senator is recognized.

Mr. CRAIG. Mr. President, I hope Senators today will oppose the Feinstein-Snowe amendment for a very clear reason. In 1974, when the Senator from California refers to this port act, we did not have a lot of the law in place that we now have today.

This is not a closed-door process. Using the Natural Gas Act allows FERC to do all it needs to do to protect the public—public hearings, public involvement. If we are going to let NIMBYism at the State level destroy the ability of this country to build the kind of natural gas infrastructure we need today, that we do not have today that is driving the chemical industries offshore, that are shooting our prices

up, then allow NIMBYism to exist within the law.

I am a State rights person.

Mrs. FEINSTEIN. Will the Senator yield for a question?

Mr. CRAIG. I will not yield. This is a closing statement. We have Senators who need to have the vote and get to their committees.

I am a State rights advocate, but I also recognize the Constitution and the interstate commerce clause and what we have to do to facilitate this. I ask Senators to vote to table the Feinstein amendment.

The PRESIDING OFFICER. The Senator's time has expired.

Mr. DOMENICI. Mr. President, I move to table the Feinstein amendment and ask for the yeas and nays.

The PRESIDING OFFICER. Is there a sufficient second?

There appears to be a sufficient second.

The question is on agreeing to the motion. The clerk will call the roll.

The legislative clerk called the roll.

Mr. MCCONNELL. The following Senator was necessarily absent: the Senator from South Dakota (Mr. THUNE).

Mr. DURBIN. I announce that the Senator from North Dakota (Mr. CONRAD) and the Senator from South Dakota (Mr. JOHNSON) are necessarily absent.

The PRESIDING OFFICER (Mr. GRAHAM). Are there any other Senators in the Chamber desiring to vote?

The result was announced—yeas 52, nays 45, as follows:

[Rollcall Vote No. 146 Leg.]

YEAS—52

| | | |
|---|---|---|
| Alexander | DeWine | Lugar |
| Allard | Dole | McCain |
| Baucus | Domenici | McConnell |
| Bennett | Dorgan | Murkowski |
| Bingaman | Ensign | Nelson (NE) |
| Bond | Enzi | Pryor |
| Brownback | Frist | Roberts |
| Bunning | Grassley | Rockefeller |
| Burns | Gregg | Santorum |
| Burr | Hagel | Shelby |
| Chambliss | Hatch | Specter |
| Coburn | Hutchison | Stevens |
| Cochran | Inhofe | Talent |
| Coleman | Isakson | Thomas |
| Cornyn | Kohl | Voinovich |
| Craig | Kyl | Warner |
| Crapo | Lincoln | |
| DeMint | Lott | |

NAYS—45

| | | |
|---|---|---|
| Akaka | Feingold | Murray |
| Allen | Feinstein | Nelson (FL) |
| Bayh | Graham | Obama |
| Biden | Harkin | Reed |
| Boxer | Inouye | Reid |
| Byrd | Jeffords | Salazar |
| Cantwell | Kennedy | Sarbanes |
| Carper | Kerry | Schumer |
| Chafee | Landrieu | Sessions |
| Clinton | Lautenberg | Smith |
| Collins | Leahy | Snowe |
| Corzine | Levin | Stabenow |
| Dayton | Lieberman | Sununu |
| Dodd | Martinez | Vitter |
| Durbin | Mikulski | Wyden |

NOT VOTING—3

| | | |
|---|---|---|
| Conrad | Johnson | Thune |

The motion was agreed to.

Mr. DOMENICI. Mr. President, I move to reconsider the vote.

Mr. CRAIG. I move to lay that motion on the table.

The motion to lay on the table was agreed to.

Mr. DOMENICI. Mr. President, obviously there is no time agreement, but I understand Senator BYRD is ready to go, to proceed with his amendment. I understand that is going to be accepted. We will have somebody take my place here to manage our side.

I yield the floor.

Ms. LANDRIEU. Mr. President, I understand Senator BYRD is preparing to offer his amendment. I ask for the Senator's consent to speak for 3 minutes on a different subject before he begins.

The PRESIDING OFFICER. Is there objection? Without objection, the Senator from Louisiana is recognized for 3 minutes.

Ms. LANDRIEU. Mr. President, we just had a very vigorous and I think enlightening discussion about liquefied natural gas plants and the situation our country is in, about the desperate—and that is not too strong a word—the desperate need we have for additional gas in the Nation. We had a very good debate about how we were going to provide this additional gas. The technology, which has just been established in the last few years, allows us to drill for gas in places all over the world, convert it to a liquid, transport it to our shores, turn it back into a gas, and turn on our lights, provide our energy, and help our economy move forward.

I thought the debate was excellent and in great detail. As usual, Senator FEINSTEIN presented her position beautifully. We received letters from the Governors. Of course, our leaders, the two Senators from New Mexico, also stated their positions very clearly and the vote has taken place. Regardless whether the Domenici position prevailed, which it did in this case, or if the Feinstein position had been agreed to, we still have the situation of having four liquefied natural gas plants in the Nation today, only four. The largest one is in Louisiana. We are getting ready to bring in what some estimate are as many as 40 or 50 of these new plants. They have to go somewhere.

I hope as this debate goes on, we can make the wisest decisions about the siting of these plants regarding their safety for our communities, their safety for the environment, and a revenue-sharing provision that would allow the communities that do host these liquefied natural gas plants to share some of the revenues because of the impacts that will occur. One way or another, there will either be security impacts or some environmental impacts—some impacts that the communities that do not bear this responsibility will now bear. This is particularly appropriate because this gas is not going to be used by the borough or the county or the parish in which it is sited; it is going to be used by the whole Nation.

I am going to have an amendment. It is going to be a sense-of-the-Senate amendment to get a study underway to see how these revenues could be shared appropriately with the 50 or 60 or 70 sites that are going to be determined in our country—whether they are in West Virginia, whether they are in Louisiana, whether they are in Massachusetts or California. Our communities deserve to have some funding to help with these impacts.

I thank the Senator from West Virginia for his graciousness in allowing me to speak, and I put the Senate on notice that this amendment will be coming later this afternoon.

The PRESIDING OFFICER. The Senator from West Virginia.

AMENDMENT NO. 869

Mr. BYRD. Mr. President, I will shortly offer an amendment to the Energy bill to provide relief for rural workers, some relief for rural workers from high gas prices. Before I do that, I thank Senators GRASSLEY and BAUCUS for their time and their efforts concerning my amendment. Always courteous, always candid, always gentlemen—each embodies the spirit and the harmonious character of a U.S. Senator. I am talking about Senator GRASSLEY and Senator BAUCUS.

I will shortly send to the desk a modified version of my amendment which I have discussed with the chairman and ranking member of the Finance Committee and their staffs.

I will also ask Senators LINCOLN, ROCKEFELLER, HARKIN, and PRYOR be added as cosponsors, but I am not asking that right at this moment.

We debate the Energy bill today in the context of skyrocketing life-altering gasoline prices. The people out there watching the Senate through those electronic lenses, many of them know what I am talking about. The American public is reminded, day after day after day—as they drive to work, as they drive their children to school, as they drive to the local market, they are reminded of the outrageous cost of gasoline and how it squeezes their pocketbooks—how it squeezes your pocketbooks. That fact alone is probably the single most important catalyst for this Energy bill. Yet Senators candidly acknowledge, as has the President, that no energy policy can immediately deliver lower prices at the fuel pump.

I don't say that to criticize the efforts of the managers of the bill. They rightly are looking to the future with the hope of weaning—weaning—America from its dependence on foreign oil. I have been talking about this for years.

They are setting admirable goals and I hope that we move quickly to meet them. But—that conjunction ''but''—in the meantime, while we wait for countless production incentives and numerous Federal programs to take effect, American workers—American workers—suffer, suffer daily at the fuel pump. The impact of high gas prices is burdensome in many cases and devastating in others.

I addressed the Senate recently about this issue, as I have addressed it many times, highlighting the impact that

high gas prices have had on rural areas in this country. You talk about rural areas; look at Maine. Look at West Virginia. Look at that map. I will talk about it in a moment. Residents of rural areas must drive longer distances to work and from work, inflicting burdensome costs on workers. Rural areas have less access to public transportation. This means subways and buses are not usually available to rural workers.

Look at my State, a mountain State. Senators ought to know what it is like to wind around those mountains, up and down; steep going up and going down sometimes is worse. In Appalachia—that is what we are talking about, what I am talking about right now is Appalachia. Rural roads—come on over, Senators, and try some of those rural roads. Your head will be dizzy and you will be holding on with your fingertips and your fingernails will be white. It is tough. In Appalachia, rural roads, twisting and winding and bending around the hills and mountains, exacerbate the financial pain.

When gas prices spike, rural workers often have no extra income to absorb the increase, forcing painful cuts in essential expenditures. High gas prices hurt local businesses as workers are forced to scale back leisure activities and everyday comforts. Economic activity slows, communities are impacted, and savings shrink. These communities are crying out for action. They have no alternative means of transportation available to them to avoid driving, no subways. Go over to the Alleghany Mountains, you will not find subways. Those mountains are beautiful. I tell you, there is nothing like them, the Alleghanys. Appalachia, no subways. No mass transit. They are unlikely to benefit much from the energy conservation incentives designed for their urban counterparts.

These rural workers—hear me, hear me—these rural workers seek immediate relief. They want some help. They grow increasingly frustrated with the hemming and the hawing of their representatives in Congress—not only in Congress but in the White House. They do not want equivocations about economic theories. They are all well and good, those theories. These workers do not want tutorials about tax policy. What do they want? They want relief. And today, I am going to submit an amendment that would be a partial answer. We have to start giving some attention to this problem and to these people.

This amendment would create a new transportation fringe benefit for eligible rural workers. Employers could offer these workers compensation for their costly gasoline purchases. Those expenditures for gasoline, up to $50 per month, by rural workers who can carpool, would be excluded from their taxable wages, providing immediate relief.

The amendment would cost $123 million over 5 years. It is my understanding, based on discussions with the Finance Committee, that an offset would be provided later in the day.

This amendment is the result of a compromise. Legislation is compromise. There are different opinions around here. Senators represent different areas with different problems. Sometimes we cannot have it all the way we would like. Not everything is the way we want. We have to compromise. Legislation means compromise. We have to have a bill. You do not go for the kill on every bill, but you do what you can. Sometimes you have to not do as much as you would like to do, but you do something, and later you do something more.

This amendment is the result of a compromise with the Finance Committee. I have been in Congress now 53 years. How about that—53 years in the House and Senate. I started out in the House. But you have to compromise. You have to do that in the House, compromise. You cannot have everything like you want it, but you get something for the people you represent. You help them a little here and a little there and then a little more here and a little more there. That is the way it is done.

This amendment is the result of a compromise with the Finance Committee. It represents an acknowledgment by the Senate that rural workers can be affected more directly and harshly by high gas prices and that the Senate is beginning to respond to that reality.

This amendment can help to provide immediate relief to rural workers. It cannot do everything, but we are doing something. It can help to provide relief to working mothers, to fathers, both of whom are searching for ways to stretch their paychecks just a little bit further. You can only stretch that paycheck so far. It will not stretch any further.

It will benefit residents from the northern most areas of Maine. We can see Maine looking at the chart, right up there at the top, way up there, way up there. It will benefit the northern most areas of Maine, down the east coast, down the east coast, into the Appalachia region—there is home sweet home to me, Appalachia—Kentucky, Tennessee, and into the Southern States of Mississippi and Alabama. It will benefit residents throughout the rural heartland of America.

The dark areas are being pointed out by this fine young man. These dark areas are what we are talking about. These are the rural areas. Look at them on this map. The urban areas are the yellow areas. Look how big the map is when it comes to the rural areas. That is where a lot of real people live. You talk about the grassroots of America. Go back to the rural areas. Those people in the rural areas have to drive to work. They do not have mass transit in most of these areas. We are talking about the heartland of America: Iowa, Nebraska, the Dakotas, westward. Turn westward young man, westward. West through Montana and Idaho, and along the west coast. Rural areas in California. California has rural areas, too. Oregon, Washington—rural areas along the west coast into Washington, Oregon, and California.

As the chart beside me shows, and I hope the camera is focusing on these rural areas, rural workers in every State—name the State—rural workers in that State would benefit from this amendment, workers who reside in the rural areas, the green areas. I will point out Appalachia again. If you have not been there, you ought to go and see what those people have to contend with. See what workers in Appalachia have to contend with. It is not just Appalachia; it is all over the country, throughout the country, every State. There are many in these rural—the green—areas who are forced to drive to work due to a lack of public transit. They do not have Metro. We have the Metro in the District of Columbia. They do not have it over there. They would be eligible to benefit from this amendment.

The Finance Committee has offered a tax package to this bill providing $18 billion in energy supply and efficiency incentives, many of which I support. The Finance Committee package will yield long-term benefits for the American people. As I have said, the chairman and the ranking member have been very gracious in considering my views regarding these matters. But the House of Representatives passed $8 billion of very different tax incentives, much of them going to big oil, which today is reaping an enormous windfall.

I say to the distinguished Senator from New York, there are a lot of people up there in rural areas in New York—CHUCK SCHUMER, yes. He and Senator CLINTON—man, they look out after their people. May the Lord bless them.

Much of the benefits are going to big oil, which today is reaping an enormous windfall from the high price of gasoline. Let me say that again: The House of Representatives passed $8 billion. How much is that? That is $8 for every minute since Jesus Christ was born. Now you can get an idea of what we are talking about. Eight billion, $8 for every minute since Jesus Christ was born. These different tax incentives, $8 billion of very different tax incentives, much of them going to big oil, which today is reaping an enormous windfall from the high price of gasoline. These tax breaks are in addition to the billions of dollars in taxpayer revenues dedicated annually to these companies.

This is an opportunity to vote for an amendment that will provide some relief—not enough but some. The Senate is, finally, about to recognize this problem. This is an opportunity to vote for an amendment that will provide relief directly and immediately. To whom? The little guy. The little guy. Man, you talk about me now, the little guy. The

Presiding Officer is for the little guy. That is what this amendment is about.

This is an opportunity to help working men and women today. Not enough, not enough, but it is a good start. We do not have to wait and hope gas prices will decrease. We can take some action now.

I urge adoption of this amendment which I now send to the desk.

The PRESIDING OFFICER. The clerk will report.

The legislative clerk read as follows:

The Senator from West Virginia [Mr. BYRD], for himself, Mrs. LINCOLN, Mr. ROCKEFELLER, Mr. HARKIN, and Mr. PRYOR, proposes an amendment numbered 869.

Mr. BYRD. Mr. President, I ask unanimous consent the reading of the amendment be dispensed with.

The PRESIDING OFFICER. Without objection, it is so ordered.

The amendment is as follows:

(Purpose: To amend the Internal Revenue code of 1986 to provide relief from high gas prices)

At the appropriate place insert the following:

**SEC. ___. INCOME TAX EXCLUSION FOR CERTAIN FUEL COSTS OF RURAL CARPOOLS.**

(a) IN GENERAL.—Section 132(f)(1) of the Internal Revenue Code of 1986 (defining qualified transportation fringe) is amended by adding at the end the following new subparagraph:

''(D) Fuel expenses for a highway vehicle of any employee who meets the rural carpool requirements of paragraph (8).''.

(b) LIMITATION ON EXCLUSION.—Section 132(f)(2) of such Code (relating to limitation on exclusion) 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) $50 per month in the case of the benefit described in subparagraph (D).''.

(c) RURAL CARPOOL REQUIREMENTS.—Section 132(f) of such Code is amended by adding at the end the following new paragraph:

''(8) REQUIREMENTS FOR EMPLOYEES PARTICIPATING IN RURAL CARPOOLS.—

''(A) IN GENERAL.—The requirements of this paragraph are met if an employee—

''(i) is an employee of an employer described in subparagraph (B),

''(ii) certifies to such employer that—

''(I) such employee resides in a rural area (as defined by the Bureau of the Census),

''(II) such employee is not eligible to claim any qualified transportation fringe described in subparagraph (A) or (B) of paragraph (1) if provided by such employer,

''(III) such employee uses the employee's highway vehicle when traveling between the employee's residence and place of employment, and

''(IV) for at least 75 percent of the total mileage of such travel, the employee is accompanied by 1 or more employees of such employer, and

''(iii) agrees to notify such employer when any subclause of clause (ii) no longer applies.

''(B) EMPLOYER DESCRIBED.—An employer is described in this subparagraph if the business premises of such employer which serve as the place of employment of the employee are located in an area which is not accessible by a transit system designed primarily to provide daily work trips within a local commuting area.''.

(d) NO EXCLUSION FOR EMPLOYMENT TAXES.—Section 3121(a)(20) of such Code (defining wages) is amended by inserting ''(except by reason of subsection (f)(1)(D) thereof)'' after ''or 132''.

(e) EFFECTIVE DATE.—The amendments made by this section shall apply to expenses incurred on and after the date of the enactment of this Act and before January 1, 2007.

Mr. BYRD. Mr. President, I have nothing further right now.

The PRESIDING OFFICER. Does the Senator still wish to have cosponsors added to the amendment?

Mr. BYRD. Yes. I thank the Chair for remembering that. The names of those cosponsors I send to the desk.

The PRESIDING OFFICER. Without objection, it is so ordered.

Mr. BYRD. Senators LINCOLN, ROCKEFELLER, HARKIN, and PRYOR—I ask unanimous consent that they be added as cosponsors.

The PRESIDING OFFICER. Without objection, it is so ordered.

Mr. BYRD. I thank the Chair and yield the floor. I am ready to vote.

The PRESIDING OFFICER (Ms. MURKOWSKI). Is there further debate on the amendment? If not, the question is on agreeing to the amendment.

The amendment (No. 869) was agreed to.

Mr. BYRD. Madam President, I thank all Senators.

I move to reconsider the vote by which the amendment was adopted. I move to lay that motion on the table.

The motion to lay on the table was agreed to.

Mr. BYRD. Madam President, I thank the Chair. I yield the floor.

The PRESIDING OFFICER. The Senator from New York.

AMENDMENT NO. 805

Mr. SCHUMER. Madam President, I ask unanimous consent we return to consideration of amendment No. 805, a previously pending amendment.

The PRESIDING OFFICER. Without objection, it is so ordered. The amendment is now pending.

Mr. SCHUMER. Madam President, I will address this amendment. As I understand it, we might be able to call for a vote shortly because I will not speak for that long.

Madam President, I rise today offering an amendment that will express the sense of the Senate that the Federal Government should take long overdue action to curb the record-high gasoline prices that are plaguing America's consumers at the pump.

We know there are two aspects to the energy problem we face in America. If anything, the more important is the long-term problem, and there we need conservation and new energy sources and new exploration. In my judgment, at least, this bill does a tiny, little bit of that, not close to enough of what we need, particularly on the conservation side.

But we also have a short-term problem. That short-term problem is the record-high prices of gasoline. It is caused by a number of things: Obviously, increasing demand here in America and worldwide, China and India, in particular, but at the same time, it is also caused by the fact that we are up against a cartel, OPEC, and OPEC manipulates the production of oil.

If OPEC were in the United States, if those 11 countries were 11 companies, they would be brought up on antitrust laws. They play havoc with the gasoline markets. A few months ago, while demand was climbing, they cut back production by a million barrels. Realizing they had overdone it, even from their own point of view, they then asked their members to increase production by 500,000 barrels a day. But that was a paper reduction. It did not really come into the markets.

So the bottom line is this: We have a serious problem in terms of OPEC. Many think we are powerless to deal with it in the short term—for the long term, as I mentioned, there are ways to deal with it—but I do not believe that is the case because we have an ace in the hole; that is, the Strategic Petroleum Reserve. It is now full. It has not been full in a long time. There are 700 million barrels of oil, or close to that, sitting in the Louisiana and Texas oil flats.

If we were to strategically use that oil in a swap, which would not decrease the amount of oil in the Reserve but would be a tool to bring down prices, and then we would buy back the oil or have the oil replaced in this swap when the price comes down so we would actually put more oil into the Reserve than when we started, we could do a lot of good for drivers in this country.

The last time the Strategic Petroleum Reserve was used—and it can be used, by law, for this; President Clinton did it in October of 2000, after I spent a lot of time importuning him to do it—prices went down considerably. I have no doubt, if the sense of the Senate resolution is adopted and the President follows it, that prices would go down again.

Madam President, I see my good friend from New Mexico is here. I am told it would be his preference that we have a vote by 12:10. So I will only speak for another 3 or 4 minutes.

Madam President, I would like to offer another amendment, not speak about it, but just lay it down, and then give the remaining 4 or 5 minutes to my colleague from New Mexico, and then we would have a vote. If that is OK with the Senator from New Mexico, that is what I would propose we do.

Mr. DOMENICI. Madam President, I say to the Senator, could we try, in that arrangement, to give me 5 minutes, even if we go over a minute or 2 beyond 12:10?

Mr. SCHUMER. Great. I will try to keep my remarks brief because I have spoken about it before.

Mr. DOMENICI. The other amendment, have we seen it or know anything about it?

Mr. SCHUMER. Yes, it has been filed.

AMENDMENT NO. 811

Madam President, while we are talking about it, I ask unanimous consent

to temporarily lay aside the pending amendment so that I may offer amendment No. 811.

The PRESIDING OFFICER. Is there objection?

Without objection, it is so ordered. The clerk will report the amendment.

The assistant legislative clerk read as follows:

The Senator from New York [Mr. SCHUMER], for himself, Ms. CANTWELL, and Mr. LAUTENBERG, proposes an amendment numbered 811.

Mr. SCHUMER. Madam President, I ask unanimous consent that reading of the amendment be dispensed with.

The PRESIDING OFFICER. Without objection, it is so ordered.

The amendment is as follows:

(Purpose: To provide for a national tire fuel efficiency program)

On page 120, between lines 20 and 21, insert the following:

**SEC. 142. MOTOR VEHICLE TIRES SUPPORTING MAXIMUM FUEL EFFICIENCY.**

(a) STANDARDS FOR TIRES MANUFACTURED FOR INTERSTATE COMMERCE.—Section 30123 of title 49, United States Code, is amended—

(1) in subsection (b), by inserting after the first sentence the following: ''The grading system shall include standards for rating the fuel efficiency of tires designed for use on passenger cars and light trucks.''; and

(2) by adding at the end the following:

''(d) NATIONAL TIRE FUEL EFFICIENCY PROGRAM.—(1) The Secretary shall develop and carry out a national tire fuel efficiency program for tires designed for use on passenger cars and light trucks.

''(2) The program shall include the following:

''(A) Policies and procedures for testing and labeling tires for fuel economy to enable tire buyers to make informed purchasing decisions about the fuel economy of tires.

''(B) Policies and procedures to promote the purchase of energy-efficient replacement tires, including purchase incentives, website listings on the Internet, printed fuel economy guide booklets, and mandatory requirements for tire retailers to provide tire buyers with fuel-efficiency information on tires.

''(C) Minimum fuel economy standards for tires, promulgated by the Secretary.

''(3) The minimum fuel economy standards for tires shall—

''(A) ensure that the average fuel economy of replacement tires is equal to or better than the average fuel economy of tires sold as original equipment;

''(B) secure the maximum technically feasible and cost-effective fuel savings;

''(C) not adversely affect tire safety;

''(D) not adversely affect the average tire life of replacement tires;

''(E) incorporate the results from—

''(i) laboratory testing; and

''(ii) to the extent appropriate and available, on-road fleet testing programs conducted by the manufacturers; and

''(F) not adversely affect efforts to manage scrap tires.

''(4) The policies, procedures, and standards developed under paragraph (2) shall apply to all types and models of tires that are covered by the uniform tire quality grading standards under section 575.104 of title 49, Code of Federal Regulations (or any successor regulation).

''(5) Not less often than every three years, the Secretary shall review the minimum fuel economy standards in effect for tires under this subsection and revise the standards as necessary to ensure compliance with requirements under paragraph (3). The Secretary may not, however, reduce the average fuel economy standards applicable to replacement tires.

''(6) Nothing in this chapter shall be construed to preempt any provision of State law relating to higher fuel economy standards applicable to replacement tires designed for use on passenger cars and light trucks.

''(7) Nothing in this chapter shall apply to—

''(A) a tire or group of tires with the same SKU, plant, and year, for which the volume of tires produced or imported is less than 15,000 annually;

''(B) a deep tread, winter-type snow tire, space-saver tire, or temporary use spare tire;

''(C) a tire with a normal rim diameter of 12 inches or less;

''(D) a motorcycle tire; or

''(E) a tire manufactured specifically for use in an off-road motorized recreational vehicle.

''(8) In this subsection, the term 'fuel economy', with respect to tires, means the extent to which the tires contribute to the fuel economy of the motor vehicles on which the tires are mounted.

(b) CONFORMING AMENDMENT.—Section 30103(b) of title 49, United States Code, is amended in paragraph (1) by striking ''When'' and inserting ''Except as provided in section 30123(d) of this title, when''.

(c) TIME FOR IMPLEMENTATION.—The Secretary of Transportation shall ensure that the national tire fuel efficiency program required under subsection (d) of section 30123 of title 49, United States Code (as added by subsection (a)(2)), is administered so as to apply the policies, procedures, and standards developed under paragraph (2) of such subsection (d) beginning not later than March 31, 2008.

AMENDMENT NO. 805

Mr. SCHUMER. Madam President, I ask unanimous consent that the amendment be laid aside and we return to the pending business, which is amendment No. 805.

The PRESIDING OFFICER. Without objection, it is so ordered.

Mr. SCHUMER. Thank you, Madam President.

Now, so we have this ace in the hole, the Strategic Petroleum Reserve, which has been used before; it is not a long-term solution. But right now OPEC calls all the shots. They know that they can, more or less, set the price, particularly at a time of rising demand. If we were to strategically use, if you will, the Strategic Petroleum Reserve, we could break OPEC's resolve, break OPEC's will, and actually deal with the problem of high gasoline prices in the short term. It is virtually the only way to do it.

So I would say to my colleagues, we cannot order the President to do it, so this is simply a sense of the Senate that says we should do it. I believe drivers throughout America—whether they are driving trucks thousands of miles or driving kids to school or anything in between—are looking at us to see if we will do something. This amendment signals our desire and ability not to simply take it on the chin over and over again from OPEC but, rather, to use our strategic weapon, the Strategic Petroleum Reserve, as it has been used before, to both lower gas prices and let OPEC know we have good cards in our hand that we can lay on the table and use.

With that, Madam President, since the amendment has been discussed before, and this is an issue I have been involved with for years and years, I will, in the interest of time and getting a vote on this amendment quickly, yield the floor so my colleague from New Mexico might respond.

The PRESIDING OFFICER. The Senator from New Mexico.

Mr. DOMENICI. Madam President, first, might I say to my good friend from New York, I respect his continuous efforts in this regard. But I would say, do not misunderstand that to mean I think his amendment will do any good.

I think, first of all, the Senate should know the Strategic Petroleum Reserve is not a reserve to supply the United States with oil on a day-by-day basis. It is a reserve in the event we have a crisis.

We had a crisis that started this. That is why we started the Reserve. We had a crisis because Iran, years ago, decided to cut us off. They did not cut us off by a huge amount, but just enough to send a turmoil into the market. Our prices skyrocketed, and the United States said: Well, let's find a place to put some oil that we can retrieve if we have a crisis.

Now, everybody should know a crisis does not mean the price is too high or the price is too low. It means America has suffered an untoward shock, a war that all of a sudden happened, and we started drawing down, not an ongoing, everyday event that we just play and have to work in the marketplace.

Now, how much do we have? Years ago we thought we had a very big reserve. In 1985, we said: We want to have 118 days of supply; that is, if we needed it, and needed it every day, continually, to supplement what we had domestically, we had 118 days. Because of our growing dependence and other things, we now have 59 days. The Reserve is 59 days of import protection.

I ask the Senate, is 59 days too much? I wish we could tell the American people we had 259 days. But we have 59. It will soon be filled. So anybody worrying about amendments saying, Don't put in any more; it will soon reach its capacity, I say, Good. That is what it ought to be.

Now, the Senator says: Let's start taking it out now, a million barrels a day for 30 days, with another possibility of a million barrels a day for 30 more days. To what end? Do you think those who control the price by controlling production would sit by and say, ''The United States is going to use its reserve. We don't think they should. It is kind of dumb. But they are going to put it on the market''? In a minute, they could cut production, and any impact using up this important reserve would have on the market would go away. So we would be doing a unilateral act and endangering our security because we would be minimizing the security potential of SPR, and we would not get any good out of it. There

is no assurance doing what is suggested will have any significant impact on the price of oil.

I know the Senator has said it will bring the price down, but it just does not make sense. A million barrels a day, when we use 20 million barrels—just think of that—how could it have an impact, when the OPEC cartel is a player, and they could make their adjustments?

So what I see this as is no insurance at all of anything positive and an absolute assurance of something very, very bad for America—negative—because we will have increased our risk of not having oil when we need it from the Strategic Petroleum Reserve that we put in in order to take it out when we had an untoward, sort of an attack on the flow of oil by some activity outside our control.

Mr. President, while I compliment the Senator for wanting to say to Americans, We want to get the price of oil down, I want to say we worked hard in this Energy Committee. We did everything humanly possible. And if it was as easy as saying, Let's just sell the Strategic Petroleum Reserve, we would have done that, I say to the occupant of the chair, who was a very active participant.

Anybody could have made a motion: Let's start selling the petroleum reserve. Nobody did that because we understand it as an activity that is self-defeating. As a matter of fact, Madam President and fellow Senators, instead of doing some good—and I say this in all deference to my friend from New York—it would probably do us some harm. Whatever you take out for this purpose probably adds to the security risk of this great Nation.

Again I repeat, we have 59 days of supply. We wish we had 118, as we started out shooting for. And now we would start diminishing that—and I cannot tell you how much; a pretty good chunk—a million barrels a day for 30 days, plus 30 more million barrels.

So having said that, I do not think we should do this.

Madam President, the time has expired, as I understand it.

Mr. SCHUMER. Will my colleague yield?

Mr. DOMENICI. Indeed.

AMENDMENT NO. 805, AS MODIFIED

Mr. SCHUMER. Madam President, I have a technical modification to the amendment. There was a drafting problem. I would like to modify the amendment.

Mr. DOMENICI. I say to the Senator you have the right to modify your amendment. Go ahead.

Mr. SCHUMER. Madam President, I ask unanimous consent that line 22, title (c), be stricken and that on line 23 of page 4—OK. I will send the modification to the desk.

Mr. DOMENICI. You do not need consent.

Madam President, he has a right to modify it; is that not right?

The PRESIDING OFFICER. That is correct. The amendment is so modified.

The amendment (No. 805), as modified, is as follows:

On page 208, after line 24, add the following:

**SEC. 303. SENSE OF THE SENATE REGARDING MANAGEMENT OF SPR.**

(a) FINDINGS.—Congress finds that—

(1) the prices of gasoline and crude oil have a direct and substantial impact on the financial well-being of families of the United States, the potential for national economic recovery, and the economic security of the United States;

(2) on June 13, 2005, crude oil prices closed at the exceedingly high level of $55.62 per barrel, the price of crude oil has remained above $50 per barrel since May 25, 2005, and the price of crude oil has exceeded $50 per barrel for approximately ⅓ of calendar year 2005;

(3) on June 6, 2005, the Energy Information Administration announced that the national price of gasoline, at $2.12 per gallon, could reach even higher levels in the near future;

(4) despite the severely high, sustained price of crude oil—

(A) the Organization of Petroleum Exporting Countries (referred to in this section as ''OPEC'') has refused to adequately increase production to calm global oil markets and officially abandoned its $22–$28 price target; and

(B) officials of OPEC member nations have publicly indicated support for maintaining oil prices of $40–$50 per barrel;

(5) the Strategic Petroleum Reserve (referred to in this section as ''SPR'') was created to enhance the physical and economic security of the United States;

(6) the law allows the SPR to be used to provide relief when oil and gasoline supply shortages cause economic hardship;

(7) the proper management of the resources of the SPR could provide gasoline price relief to families of the United States and provide the United States with a tool to counterbalance OPEC supply management policies;

(8) the Administration's policy of filling the SPR despite the fact that the SPR is nearly full has exacerbated the rising price of crude oil and record high retail price of gasoline;

(9) in order to combat high gasoline prices during the summer and fall of 2000, President Clinton released 30,000,000 barrels of oil from the SPR, stabilizing the retail price of gasoline;

(10) increasing vertical integration has allowed—

(A) the 5 largest oil companies in the United States to control almost as much crude oil production as the Middle Eastern members of OPEC, over ½ of domestic refiner capacity, and over 60 percent of the retail gasoline market; and

(B) Exxon/Mobil, BP, Royal Dutch Shell Group, Conoco/Philips, and Chevron/Texaco to increase first quarter profits of 2005 over first quarter profits of 2004 by 36 percent, for total first quarter profits of over $25,000,000,000;

(11) the Administration has failed to manage the SPR in a manner that would provide gasoline price relief to working families; and

(12) the Administration has failed to adequately demand that OPEC immediately increase oil production in order to lower crude oil prices and safeguard the world economy.

(b) SENSE OF CONGRESS.—It is the sense of Congress that the President should—

(1) directly confront OPEC and challenge OPEC to immediately increase oil production; and

(2) direct the Federal Trade Commission and Attorney General to exercise vigorous oversight over the oil markets to protect the people of the United States from price gouging and unfair practices at the gasoline pump.

(3) For the period beginning on the date of enactment of this Act and ending on the date that is 30 days after the date of enactment of this Act, 1,000,000 barrels of oil per day should be released from the SPR.

(4) If necessary to lower the burden of gasoline prices on the economy of the United States and to circumvent the efforts of OPEC to reap windfall crude oil profits, 1,000,000 barrels of oil per day should be released from the Strategic Petroleum Reserve for an additional 30 days.

Mr. SCHUMER. I thank the chair. If I could make one brief point to my colleague.

Mr. DOMENICI. Sure.

Mr. SCHUMER. First, we are only calling for 60 million barrels, at max, to be used. There are 700 million barrels there. Second, this is a swap, which is what was done before. So within 6 months, with presumably the price lower, the amount of oil would be replaced and more so.

Those are two points I wanted to make. I am ready to have a vote.

Mr. DOMENICI. Madam President, I need no additional time. I move to table the Schumer amendment and ask for the yeas and nays.

The PRESIDING OFFICER. Is there a sufficient second?

There appears to be a sufficient second.

The question is on the motion. The clerk will call the roll.

The assistant legislative clerk called the roll.

Mr. MCCONNELL. The following Senator was necessarily absent: the Senator from South Dakota (Mr. THUNE).

Mr. DURBIN. I announce that the Senator from North Dakota (Mr. CONRAD), the Senator from Hawaii (Mr. INOUYE), and the Senator from South Dakota (Mr. JOHNSON) are necessarily absent.

The PRESIDING OFFICER. Are there any other Senators in the Chamber desiring to vote?

The result was announced—yeas 57, nays 39, as follows:

[Rollcall Vote No. 147 Leg.]

YEAS—57

| | | |
|---|---|---|
| Alexander | Craig | Lott |
| Allard | Crapo | Lugar |
| Allen | DeMint | Martinez |
| Baucus | DeWine | McCain |
| Bayh | Dole | McConnell |
| Bennett | Domenici | Murkowski |
| Bingaman | Ensign | Murray |
| Bond | Enzi | Roberts |
| Brownback | Frist | Santorum |
| Bunning | Graham | Sessions |
| Burns | Grassley | Shelby |
| Burr | Gregg | Smith |
| Cantwell | Hagel | Stevens |
| Chafee | Hatch | Sununu |
| Chambliss | Hutchison | Talent |
| Coburn | Inhofe | Thomas |
| Cochran | Isakson | Vitter |
| Coleman | Kyl | Voinovich |
| Cornyn | Landrieu | Warner |

NAYS—39

| | | |
|---|---|---|
| Akaka | Corzine | Harkin |
| Biden | Dayton | Jeffords |
| Boxer | Dodd | Kennedy |
| Byrd | Dorgan | Kerry |
| Carper | Durbin | Kohl |
| Clinton | Feingold | Lautenberg |
| Collins | Feinstein | Leahy |

| | | |
|---|---|---|
| Levin | Obama | Sarbanes |
| Lieberman | Pryor | Schumer |
| Lincoln | Reed | Snowe |
| Mikulski | Reid | Specter |
| Nelson (FL) | Rockefeller | Stabenow |
| Nelson (NE) | Salazar | Wyden |

NOT VOTING—4

| | |
|---|---|
| Conrad | Johnson |
| Inouye | Thune |

The motion was agreed to.

The PRESIDING OFFICER. The Senator from Connecticut.

Mr. LIEBERMAN. Madam President, I believe under the previous order, the Senate returns now to the amendment offered by the Senator from Arizona and myself; am I correct?

The PRESIDING OFFICER. If the Senator calls for the regular order with respect to that amendment.

AMENDMENT NO. 826

Mr. LIEBERMAN. I call for the regular order.

The PRESIDING OFFICER. Regular order is called for. That amendment is now pending.

Who yields time?

Mr. McCAIN. Can the Presiding Officer tell us the parliamentary situation, the time remaining?

The PRESIDING OFFICER. The Senator from Arizona controls 90 minutes; the Senator from New Mexico, Mr. DOMENICI, has 30 minutes; and the Senator from Oklahoma has 60 minutes.

Mr. McCAIN. I thank the Chair.

The PRESIDING OFFICER. Who yields time?

Mr. LIEBERMAN. Madam President, with the consent of my friend from Arizona, at this point I yield 5 minutes to the Senator from Florida.

The PRESIDING OFFICER. The Senator from Florida.

Mr. NELSON of Florida. Madam President, I rise to support the McCain-Lieberman amendment. If anyone does not believe what 99.9 percent of the scientific community believes—that global warming is, in fact, a reality—if anyone does not believe that, then they are living in a cave and not recognizing what is happening to our planet.

Whenever I think of global warming, my mind's eye suddenly goes back to 1986, looking out the window of our spacecraft back at planet Earth. There on the rim of the Earth, we could see the thin little film which is the atmosphere which sustains all of life. With the naked eye from orbit, you can actually see how we are starting to mess up the planet.

Coming across South America, I could see with the color contrast on the face of the Earth below in the Amazon region the destruction of the rainforests. Then I could look to the east at the mouth of the Amazon River, and I could see the result of the destruction of those trees hundreds of miles upriver by the silt that has discolored the Atlantic Ocean for hundreds of miles. And so, too, in different parts of the Earth, we saw this wonderful creation, and it became apparent to me that I needed to be a better steward of what we have on planet Earth.

If we are creating a greenhouse effect, which 99.9 percent of the scientists say we are, and if it is trapping the heat on planet Earth—the heat that comes from the Sun that cannot radiate out into space—and if the Earth is heating up, as it is, what is going to be the natural consequence? The oceans are going to rise because ice is going to melt. The temperature of the Earth is going to increase.

What does that say for those of us who live on the eastern seaboard, particularly a land known as paradise which is a peninsula that sticks down into the middle of hurricane highway? That is my land. That is the State of Florida. What it says is the seas are going to rise and threaten most of Florida's population, indeed, most of the coastal population of the United States. What it also says is by heat rising, the storms are going to become more ferocious and more frequent. The plagues and pestilence are going to increase and, I say to my colleagues in the Senate, this is not a condition we want to have happen to this beautiful creation that is our home suspended in the middle of nothing and is called planet Earth. Yet that is what is happening.

We best get about the process of straightening it out. That is why I support the McCain-Lieberman amendment.

The PRESIDING OFFICER. The Senator from Connecticut.

Mr. LIEBERMAN. Madam President, I thank my friend from Florida for his very powerful statement supporting this amendment. We all bring a unique perspective to the Senate, but nobody brings the same perspective as Senator NELSON. He was up in space, he was an astronaut before he came to the Senate, so he has that big picture.

He also has a very local understanding, as he said, because of the threat that the rising water levels will place on Florida. The occupant of the chair is a distinguished Senator from Alaska. We can already see evidence in Alaska of water rising.

One of the great reinsurance companies, from a pure business point of view, supports antiglobal warming legislation because they project that within 10 years, we are going to be spending $150 billion a year to compensate for climate-driven disasters.

There was a particularly notorious Emperor of Rome who is remembered for fiddling while Rome burned. I believe we here in Washington are fiddling while the planet warms and while the waters rise. I honestly do believe this amendment we offer today gives us a chance to turn that around. I thank my friend from Florida very much.

I now yield up to 10 minutes to the Senator from Vermont.

Mr. McCAIN. Madam President, will the Senator yield for 1 minute?

Mr. LIEBERMAN. I am glad to.

Mr. McCAIN. Madam President, as the Senator from Florida points out, this chart shows the areas in Florida subject to inundation with a 100-centimeter sea level rise. This is what we see happening. The red is the area of his State that would be inundated. I thank the Senator from Florida for his commitment and his keen understanding of this dire emergency.

I yield the floor.

Mr. NELSON of Florida. Madam President, if the Senator will yield and if I may comment, all of those red portions, save for the very southern tip of Florida, which is the Everglades, sit mainly along the coast. That is where the population of Florida mainly resides. Why can't the United States insurance industry understand this and get behind this, with the exception of the reinsurance company about which the Senator from Connecticut just spoke? Why can they not understand that it is in their economic interest because it is going to be their insureds who are going to be threatened?

Mr. LIEBERMAN. Madam President, I thank the Senator from Arizona for pointing out that point. And I thank—it must be Vanna White holding the chart.

I ask unanimous consent, on behalf of the Senator from Vermont, that he be allowed to remain seated—he just had recent knee surgery—as he delivers his remarks for up to 10 minutes.

The PRESIDING OFFICER. Without objection, it is so ordered.

The Senator from Vermont.

Mr. JEFFORDS. Madam President, in my many years of public service, I have always tried to push our national Government forward on a greener, more sustainable path. That is the path that Vermont has chosen, and that is the way that seems to be most sensible to me. I have worked hard to promote recycling, efficiency, renewable energy, alternative fuels, conservation, and in general the wise and sensible use of our energy resources.

I consider wasting energy a symptom of bad management and economic inefficiency. It also strikes me as an inconsiderate and irresponsible behavior that visits the sins of one generation upon the next. That is what this debate is about. What will we leave our future generations if our actions and vision are too shortsighted and wasteful? We, the United States, have wasted more energy than any other country or civilization on Earth, even as we have built the Nation into an economic and technological superpower.

America's incredible growth through energy has not been cost free. We are dangerously dependent on foreign sources of petroleum. Public health has suffered and still suffers from pollution from fossil fuel combustion. But perhaps the most costly in the long run to our economy, the public health, national security, and the quality of life for generations to come is our continuously growing greenhouse gas emissions. These carbon emissions are the product of our vast inefficiency in producing and consuming energy.

Right now, carbon concentrations in the atmosphere are still at an alltime

high. According to credible scientists, that level has not been higher at any time in the last 420,000 years. The United States can take the blame for approximately 40 percent of the total carbon loading now in the atmosphere, and we are adding more than our share every year.

We have a moral responsibility to remedy that. We have a chance in this Energy bill to begin making reductions in our emissions. Congress must lead on this issue because there is a tremendous vacuum in this administration. The President and the Vice President would prefer that we stick our heads in the sand and hope that it all will go away. Voluntary measures are useless against a problem of this scale. We must use taxes or a market-based program, such as a cap-and-trade program, that will motivate American ingenuity and innovation. We must be aggressive in funding domestic and international programs to decarbonize our energy supplies. We must use trade opportunities and negotiations to export energy-efficient American products and services. We have a choice in this bill. We can defer action, letting the problem get worse and more costly with each passing year, or we can act now to reduce our wasteful global warming emissions.

My colleagues should remember that generations to come will look back at the climate votes on this bill. If we do not act responsibly, they will know who to blame for the sea level rise that will threaten their communities, the extra intensity of hurricanes, the loss of glaciers, or more frequent heat waves and floods. They will know who wasted the chance to do the right thing for them in the future.

The Senate must adopt strong legislation that reduces our greenhouse gas emissions. No major energy policy bill will get my support without it.

I yield the floor.

The PRESIDING OFFICER (Mr. COLEMAN). The Senator from Connecticut.

Mr. LIEBERMAN. Mr. President, seeing none of my colleagues on the floor, I will proceed for a moment or two and then suggest the absence of a quorum.

Yesterday, Senator MCCAIN and I laid down the basic arguments for our amendment. The fact is that the planet is warming. It is warming as a result of human actions. This is no more just a matter of science, although most scientists agree with this. We can see it. We can see it in the kinds of satellite photos that Senator MCCAIN showed such as in the case of the State of Florida. The most graphic evidence is the satellite photos of the polar icecaps. The way in which they have diminished, shrunk, over the last 10, 15, 20 years is startling, with the obvious effect that the water is rising.

One could pick their favorite story of evidence. The one that we cite a lot is the Inuit people, the native people in northern Canada, saw robins a few years ago for the first time in their 10,000-year history. They did not have a word for ''robin.'' They had to create a word. That reality is something my friend from Vermont is aware of. Senator JEFFORDS has been a great crusader, in the best sense of the word, for environmental protection. He is from the green state, as he says. He has been a wonderfully green Senator in the best sense of that term, and I thank him for his support of this amendment.

This amendment is the only amendment that will come before the Senate that will do something about global warming. With all respect to the amendment offered by the Senator from Nebraska yesterday, it offers some technology support, it may request a report or two, but all of its goals are voluntary. We found out in the 1990s that voluntary goals do not work, that the planet has continued to warm. The result of that conclusion was the 1997 Kyoto Protocol. The Bush administration has now taken us out of that protocol. I wish to make very clear that the amendment Senator MCCAIN and I have introduced sets goals for a reduction of greenhouse gases by the United States much below what Kyoto requires. In fact, I think if one puts the Hagel amendment of yesterday on one side and the Kyoto Protocol on the other, Senator MCCAIN and I are right in the middle where we like to be. In this case, substantively, we are in the middle.

This amendment makes meaningful reductions, by 2010, to reduce American emissions of greenhouse gases to the 2000 level. It creates a meaningful market, and it is the only one that does that. It is not oldtime command and control. This is bringing in an enormous number and range of emissions reduction options for businesses and other sources of greenhouse gas emissions. The allowances are allocated at the point of emissions to electricity and industrial sectors. Agriculture can participate in this program on a voluntary basis. They are not covered mandatorily at all.

This is a tremendous opportunity for the agriculture sector of our economy to come in voluntary and say, I want to earn some credits by reducing some sources of greenhouse gas or, even more, I want to make some money by holding some of my land in uses that will absorb carbon dioxide and therefore achieve some credits that can be sold. In our amendment, this is a maximum opportunity for innovation and cost savings.

One of the foremost studies conducted by a group at the Massachusetts Institute of Technology concluded that per-household cost of the passage of this bill—we are going to hear a lot of numbers about this—is in the range of $15 to $20 per year more per household. I am sure if the average American householder were asked whether he or she would pay $15 to $20—frankly, a lot would be willing to pay a lot more—to deal with the problem of global warming so that we can preserve this planet and turn it over to our children as close as possible to the way we found it, they would say yes. That is not even taking into account the innovative, cost-saving technologies that this bill will support in research.

It is a comprehensive technology strategy that we offer. We have a new title this year that creates a technology program funded by the sale of allowances, not appropriations; would stimulate innovation at each of the three critical phases of innovation: engineering, full-time construction, and bringing it to market. The language in this amendment says that the funding would go to a series of possible uses, including but not limited to biofuels, solar, advanced clean coal, and nuclear. All of the technologies must meet environmental and economic criteria to gain support, and any technology beyond the ones we mentioned is eligible for funding. This is a real economic investment and economic growth section of this bill.

I know there are some who are concerned about the mere mention of nuclear. The fact is, today 20 percent of electric power generated in America comes from nuclear plants. They are functioning safely. Some of them are getting to a point where they are going to have to be replaced. This amendment simply opens the door to some research in the next generation of possible savings on nuclear powerplants. It is not an endorsement. It is not a win or a lose strategy. Anybody who has a good idea for proposing or doing some research in a technology or a system that could reduce greenhouse gases, that person can apply to this public corporation we are setting up for funding under this proposal. We do not want to close the door on any technology that will give us the power to run our society and help us deal with the greenhouse gas global warming problem, and that includes but is not limited to, as we say, nuclear.

We also have some very important funding for a separate program for the retooling of manufacturing facilities, particularly targeted to advanced technology automobiles—a major source of greenhouse gas emissions, a major consumer of oil.

Interesting fact that probably a lot of people do not appreciate: Only 2 percent of the source of electric power in this country today is oil-driven. That is pretty amazing. Most of it is coal, twenty percent is nuclear, and the rest is a mix of renewable sources. When it comes to the transportation sector, just about 95 percent is driven by oil products. That is a big source of greenhouse gas emissions and, of course, a big source of our vulnerability to the kind of crazy oil price shocks we are now experiencing that run through and eat up the budget of every family and every business in our country. So here we offer funding for the retooling of automobile manufacturing facilities.

This is the only climate amendment that really does something and does it

comprehensively. It passes the emissions test, it passes the market test, and it passes the technology test.

I know the Senator from Delaware, Mr. CARPER, is soon going to be on his way to speak on behalf of the bill. I know my colleague, Senator MCCAIN, will return to the Senate floor to join in this discussion.

I yield the floor, and I suggest the absence of a quorum.

The PRESIDING OFFICER. The clerk will call the roll.

The assistant legislative clerk proceeded to call the roll.

Mr. LIEBERMAN. Mr. President, I ask unanimous consent that the order for the quorum call be rescinded.

The PRESIDING OFFICER. Without objection, it is so ordered.

Mr. LIEBERMAN. Assuming my friend from Colorado is here to speak on our amendment, I yield to him from the time allocated to Senator MCCAIN up to 10 minutes. Is that enough or would the Senator like more?

Mr. SALAZAR. I think 10 minutes will do it.

Mr. LIEBERMAN. I thank the Senator.

The PRESIDING OFFICER. The Senator from Colorado.

Mr. SALAZAR. Mr. President, the energy legislation that is currently being considered by this Senate is very good energy legislation. From my point of view, our vision is to get to energy independence for America. The cornerstones of our getting to energy independence in America are set forth in this legislation. They include efficiency and conservation, which is a very significant component of this bill; second, enough emphasis on renewable energy because we know that can help us get to energy independence with the right emphasis on renewables; third, technology because the technological revolution we are working on will allow us, for instance, to convert our massive resources of coal into zero emissions coal, and coal gasification has great promise; and fourth, the development, in a responsible way, of additional fuel resources.

I think those cornerstones will help us get a long way down the road toward the energy independence that we require in this country so we are not held hostage to the importation of foreign oil.

As important as this Energy bill is, I also strongly believe it is incomplete unless we address the challenge of global warming, which is the subject of the McCain-Lieberman amendment which is now before this body. I applaud both Senator HAGEL and Senator PRYOR for their efforts yesterday in the successful passage of the global warming amendment to the Energy bill. I believe it will put the spotlight on the reality of global warming before us.

I am also proud to be a very strong supporter of the legislation of Senators MCCAIN and LIEBERMAN because that will help us get down the road to real progress on the issue of global warming.

Climate change is a very real and very present problem. We are no longer at the stage where we ask whether the climate of our world is changing. In the words of the recent USA Today article, the headline read, ''The Debate's Over.''

Our climate, the climate that has nurtured life on this planet for millennia, is changing, and we—each and every one of us—are bringing that change about.

Climate change in our world poses a significant and real economic danger to our country. We know what is causing climate change. Greenhouse gases, such as carbon dioxide, are piling up in the atmosphere, where it stays for decades, for centuries—for a very long time, where it traps the heat on this Earth.

We know the amount of these greenhouse gases is rising and that it is higher now than at any time in the last 400,000 years. It is higher at this time than at any time in the last 400,000 years. We know these gases trap more of the Sun's energy on Earth than is being released back into outer space. If we do not start cutting global warming pollution, the pile-up of greenhouse gases will lock our planet into a future of such rapid climate change that the results could be devastating to our children and to future generations of Americans and future generations of the population of this world.

This understanding of the climate change challenge we face is international in scope. Last week, the heads of the National Academies of Science—these are not fly-by-night scientists or academies or institutions but the National Academies of Science of all the G8 countries—the UK, France, Russia, Germany, Japan, Italy, and Canada, plus those of Brazil, China and India—joined the head of the U.S. National Academy of Science in an unequivocal statement calling for ''action . . . now to reduce significantly the buildup of greenhouse gases in the atmosphere'' of our Earth. We must listen to the science.

Colorado, my State, has a lot at stake when it comes to global warming. We have a world-class tourist industry that has flourished because of our State's natural beauty, its mighty rivers, expansive forests, and majestic plains. Colorado has the best ski areas, I would venture, in the world, and some of the best big game hunting and fishing anywhere in the continental United States. Tourism employs almost 1 in 10 people in Colorado. In some parts of our State along the I–70 corridor, it employs almost 50 percent of the people who live there.

The likely outcomes of global warming are clear. Losses of forest and meadows in our mountains, reduced stream flows, and significantly reduced snowpack. Those realities pose unacceptable threats to my State, and the same can be said about every State in America.

Colorado's municipal and agricultural life is imperiled as well. Colorado is an arid State, similar to most of our States in the West. We have low annual precipitation rates. Our abundant agriculture and our booming cities are dependent on winter snowpacks and reliable spring runoff. Scientific studies predict less and less snowpack across the West, including in the Colorado Rockies. Studies also predict reduced runoff of the water upon which our water supply system depends. These warnings are dire. These warnings are frightening. They are not abstract concerns about the effects of a warming Earth. We know from recent experience the kinds of effects that prolonged drought can have on our major Colorado river systems. The droughts for the last several years that have left Lake Powell below a 50-percent level tell us this is a real issue across the West.

There are signs that this continuing change in climate across our world needs to be addressed. For me, in a very personal way, I saw the devastation to agriculture across the State of Colorado when we had the most severe drought that our State has had in over 400 years. I saw the pain in the eyes and in the hearts of farmers and ranchers who had to give up their lands and farms and cattle herds because the drought had caused such an economic devastation to the pastures and to the meadows that they relied on for their cattle operations.

We must do something about global warming. It is an imperative that we act now. We, in the Senate, have a responsibility so that we can be proud, 10 or 20 years from now, when our children look back and ask: What did this Senate do? Did they take a position of courage, to address the issue of global warming or did they simply walk away from an issue because they thought it was too tough to handle?

Next month, at the G8 summit in Gleneagles, Scotland, the United States will be the only nation among the G8 that has refused to embrace a mandatory program to cut greenhouse gas pollution. America's closest ally, Britain's Tony Blair, has put climate change at the top of the G8 summit agenda. The heads of Canada, Germany, France, Italy, Japan, and Russia have all signed their nations on to mandatory targets, and they have all joined a global market in which anyone who finds a better, cheaper or faster way to cut global warming pollution can profit by their ingenuity.

By contrast, denial and delay in addressing the problem means not only that the problem is getting worse every day but that American businesses, farmers, scientists, and bankers are being left out and cannot benefit from the kind of active carbon trading market that exists in the European Union today.

We need renewed leadership in America on this issue. Two years ago, Prime Minister Tony Blair came right here to this Capitol and stood with President Bush and addressed this body. In

speech after speech, Prime Minister Blair has said he is willing to stand by our Nation on the challenges of immediate security—the war on terrorism, and the campaign against weapons of mass destruction. But he also said America needs to stand with him in his fight against climate change. On the eve of the G8 meetings in Scotland, Mr. Blair has repeated that imperative.

The amendment before us today, called the McCain-Lieberman amendment, is an amendment that takes us in the right direction. I am proud to be a sponsor of that amendment. I urge my colleagues in the Senate to vote in support of that amendment.

Mr. President, I yield the floor.

Mr. LIEBERMAN. Mr. President, I want very briefly to thank my friend from Colorado for a very powerful and learned statement. I appreciate his support very much.

I am proud, as we think about how the debate has gone, the Senator from Arizona and I, the Senator from Connecticut, introduced it. Yesterday we had the Senator from California. Today we have Senators from Florida, Vermont, and Colorado.

This is a national problem which is being recognized across the Nation. The fact is, if you put this amendment to the American people for a vote, it would pass overwhelmingly. I hope that sentiment can express itself here before long on the floor of the Senate.

I note the presence on the floor of the Senator from Ohio, and I yield the floor.

The PRESIDING OFFICER. The Senator from Ohio.

Mr. DEWINE. Mr. President, I come to the floor today to talk about the amendment offered by Senator MCCAIN and Senator LIEBERMAN. Climate change is happening. There is simply no question about that. It is time the United States takes the lead in slowing its progress and in decreasing greenhouse gas emissions. The amendment before us now, while it certainly has a great deal of merit, is, I am afraid, drafted in a way that I cannot support at this time.

First, the amendment, if adopted as currently written, sets an unreasonable schedule. Simply put, the energy sector would be unable to adjust quickly enough to adopt new technologies and new operating procedures in the limited time mandated by the amendment. When you are talking about energy, you cannot just change and pivot on a dime. It takes time to build infrastructure and capacity. As of today, the technology for capturing carbon is simply not ready yet. In essence, we have designed an engine that is not quite able to run yet.

Second, the amendment uses the year 2000 as a baseline. This concerns me. It concerns me because the fact is that some companies' emissions were at an artificially low point in the year 2000, due to the recession and other economic fluctuations. A sound carbon control system has to be fair. If we provide no flexibility to that standard, some companies would bear a higher burden than other companies with emissions at a normal rate at that time.

Third, the amendment does not provide a big enough upfront Federal investment into scientific research and development. We have to invest substantially more Federal dollars into the development of the technologies we need to reduce the greenhouse gases causing global warming. For instance, we need to dramatically increase funding for the Clean Coal Power Initiative. In the year 2005, we only funded this program at 25 percent of its authorized level. That must change.

We must be bold. We need to be imaginative. We need to be visionary. This is truly a race, and we are not moving forward fast enough. Realistically, greater investments are not going to be made until we, as a Nation, pull our heads out of the sand and accept the reality that climate change is in fact occurring. In 1997, when the Senate debated the issue the last time, the science wasn't as good. Today, however, we know a lot more, and the science is unambiguously clear. Since 1997, we have had the 5 hottest years on record, and there is now a clear consensus that temperatures have risen globally at least 1 degree Fahrenheit over the last 100 years.

Since 1997, the National Academy of Sciences, the Nation's most prestigious, most credible and most vigorous voice for the scientific community has said that:

> Temperatures are in fact rising [and that] national policy decisions made now in the long term future will influence the extent of any damage suffered by vulnerable human populations and ecosystems.

Almost daily we hear reports from the field of natural indicators of climate change.

For example, glaciers are melting. Dr. Lonnie Thompson, distinguished professor of geological sciences at the Ohio State University, is an expert on the study of glaciers. All of his work points to one conclusion:

> Every glacier we have any data on is retreating . . . Our best evidence for the current loss of tropical glaciers is mainly due to rising temperatures, and those temperatures are higher in many areas than they have been for more than 5,000 years, with the major increase occurring in the past 50 years. Glaciers operate on thresholds and as such are extremely sensitive to global climate change.

Other national indicators strongly suggest the Earth is warming. The sea ice in the Arctic and Antarctic is declining. Coral reefs are disintegrating. Snow cover is decreasing. The oceans are getting warmer, and extreme weather events are occurring with increased frequency.

As the world's biggest emitter of greenhouse gases, the United States has an obligation to take the lead in efforts to control climate change. We have an obligation to be an engaged global player. We have an obligation to urge other nations to join efforts to lower emissions. It is time for our Nation to get into the driver's seat and take the lead in developing the technology and the alternate energy sources that will become an inevitable part of our economy.

Right now, we are falling behind. Japan and Europe are well on their way to developing the very technologies that will be necessary to retrofit our powerplants and make our cars environmentally friendly. We should be the ones developing that technology. We should be the ones designing and creating and inventing the tools we need to adapt and adjust to their future.

Let me repeat: Climate change is happening and a shift to a new global energy economy is also happening. We cannot avoid it. It is inevitable. Without question, we are going to have to change operations and clean up our powerplants and find alternatives to oil and gasoline. Do we want to be the buyers of the technology that gets us there or, rather, do we want to be the sellers?

This much is obvious: If we do not do something, in a few years we will be creating jobs, but they won't be in the United States. They will be in other countries. They will be in Europe; they will be in Japan; they will be other places. That is not the way to go. We will have ourselves to blame and no one else.

I am pleased to say my home State of Ohio is beginning to position itself to face the future and is already involved in efforts to successfully transition to the new energy economy. Ohio has the opportunity to deploy, and in some cases develop, the very technology our own State needs so we can continue to burn coal in our powerplants but with dramatically lower emissions of nitrogen oxide, sulfur dioxide, and mercury.

There is a process called integrated gasification combined cycle, IGCC, which will allow coal, including high-sulfur Ohio coal, to be burned more cleanly. The IGCC process immediately reduces the emission of nitrogen oxide. It also makes it possible, for the first time, to capture carbon before it is emitted into the atmosphere.

This is the kind of technology that can put Ohio at the top. As James Rogers, chief executive of the Cincinnati-based Cinergy Corporation, said:

> I'm making a bet on gasification. I don't see any other way forward.

Similarly, Jason Grumet, the executive director of the National Commission on Energy Policy, called the IGCC process ''as close to a silver bullet as we are ever going to see.''

Currently, there are only IGCC pilot plants operated in Florida and Indiana. However, American Electric Power, AEP, in Columbus and Cinergy Corporation are on track to build additional plants in Ohio and Indiana, respectively. AEP plans to build a $1.6 billion clean coal plant along the Ohio River in Meigs County.

Ohio also can lead the way in commercialization of fuel cell technology which produces electricity by combining hydrogen and oxygen. Cars are one of the biggest emitters, of course, of carbon. Fuel cells have the potential of providing a carbon-free fuel source for vehicles. Ohio is ideally suited to develop this technology and, at the same time, help begin again its leadership in automotive technology.

I applaud Ohio Governor Bob Taft for his new plan to invest significant funds in fuel cells. He has announced a 3-year extension of the Ohio fuel cell initiative which is a $103 million program aimed at making Ohio the leader in fuel cell technology. Over the last 3 years, already the State has awarded $36 million in grants to 24 future cell projects involving academic researchers and small companies. Indeed, Roger McKain, chairman of the Ohio Fuel Cell Coalition, was correct when he said:

If you want to be in fuel cells, you should be in Ohio.

Use of clean renewable sources of energy is another way to help slow climate change. As we all know, solar power is one of the most commonly recognized renewable sources. Ohio has several companies that are developing technologies to lead to widespread commercialization of renewables. For example, First Solar in Perrysburg, OH, is a leader in the development and manufacture of solar collection systems. And Parker Hannifin, headquartered in Cleveland, is developing a hydraulic drive system that can precisely position solar collectors used in a powerplant, thereby increasing their efficiency.

I encourage the State of Ohio to do all it can to become a leader in energy technology. We are on our way, but we need to do more. It could help decide the future, quite candidly, of our great State.

In closing, climate change is here. We have to face that fact. And we have to address it. We have to do it in a practical, workable, intelligent way. I look forward to working with my friends Senator MCCAIN and Senator LIEBERMAN in the months ahead to craft a bill that will, in fact, work; a bill that will work for Ohio, a bill that will work for the United States, and a bill that will put the United States out front as a leader on global climate change in dealing with this problem.

I am confident we can, in fact, draft a bill that will own up to our obligations to our children and our grandchildren and, at the same time, will have dates that are practical so the emerging technologies will be ready to meet the needs of the energy sector—technologies that will allow us, for example, to expand the use of Ohio coal, something we have in Ohio in abundance, and we have in this country in abundance. We can also craft a bill that will frontload more money in research and development and a bill that will use a baseline date that does not unfairly penalize certain regions of the country.

I am confident we can work together to produce such a bill. We can do these things. If we do, the United States will have done the right thing. We will begin to make demonstrable progress in slowing the rate of climate change and in protecting our environment. History is on our side. History is on the side of passing a bill similar to this bill. It is imperative we get it right. It is imperative we do it right.

I thank Senator MCCAIN and Senator LIEBERMAN for their courage, for their vision and their leadership in taking up once again this tough issue. We must finish the task. I look forward to working with them to do the right thing for Ohio, but, more importantly, to do the right thing for our country and for the world, for our children, and for our grandchildren.

I yield the floor.

The PRESIDING OFFICER. The Senator from Connecticut.

Mr. LIEBERMAN. Mr. President, I thank my friend and colleague from Ohio. He has spoken with characteristic sincerity and thoughtfulness. We talked along the way. I am disappointed we cannot take care of the amendment today, but I am encouraged by the very strong statement he has made recognizing what has changed since we last took up this matter, seeing global warming is a real problem, and wanting to work together with Senator MCCAIN and me and others to find a solution that is good for the planet, good for the country, and good for Ohio. I thank him for that outreached hand. I accept it, extend myself to him, and look forward to working together in the months ahead to reach a good, balanced, progressive solution.

I yield the floor.

The PRESIDING OFFICER. The Senator from Oklahoma.

Mr. INHOFE. Sometimes we fall into the trap of thinking all wisdom is in Washington, DC. I noticed an op-ed piece in the Oklahoma Duncan Banner yesterday, written by Steve Fair, wherein he goes through all of his research on the outside, showing virtually all the science since 1999 or since 1998 when Michael Mann came through with his hockey stick, has demonstrated very clearly that the science is not there.

I ask unanimous consent this op-ed piece be printed in the RECORD.

There being no objection, the material was ordered to be printed in the RECORD, as follows:

[From the Duncan Banner]

IS IT HOT IN HERE?

(By Steve Fair)

On USA Today's Wednesday June 15th editorial page, Senator Jim Inhofe presented the opposing view on the issue of global warming. The paper's position was that there is scientific consensus that greenhouse gases are causing climate change and that failure to implement reductions in those gases will cause major problems for future generations. You've heard the theories—a cow's flatulence in Oklahoma is melting the glaciers in Alaska. It takes more faith to believe that than to believe a sovereign God created the earth in 6 days.

The title of Senator Inhofe's response to the paper was Evidence is underwhelming. He pointed out that global alarmists, whose intents are questionable, are promoting mandatory caps on carbon dioxide emissions in the U.S. when the scientific consensus does not warrant such action. As chairman of the Senate's Environment and Public Works Committee, Inhofe has access to far more detailed scientific information on the global warming issue than the average person.

For years, the global warming issue has always been one that was trumpeted by the environmental wackos—the tree huggers. Their passion in saving the earth was only exceeded by their commitment to killing babies in the womb. It was the liberals that heralded the cause, but that has changed.

On the front page of the same issue of USA Today there was a story about the so-called Christian right. It seems a number of conservative groups which have traditionally been champions of moral issues have now expanded their borders to include taking positions on issues like the environment and human rights.

One of these groups is the National Association of Evangelicals, which represents 52 denominations with 45,000 churches and 30 million members across the country. The current head of the organization is Reverend Ted Haggard, a pastor from Colorado. The NAE takes traditionally conservative stands on abortion, same-sex marriage and prayer in schools, but recently took a turn to the left on their position on the environment.

Used to be a time that evangelicals warned about a different kind of warming. They preached about the fires of hell for the unrepentant, but under Haggard's leadership, this group has taken a position on the environment. The group passed a resolution that states that Christians should labor to protect God's creation. Not many would disagree with that statement, however when the group recently met in DC, the Reverend disinvited Oklahoma US Senator Jim Inhofe because he disagrees with him on environmental issues. Senator Inhofe said the NAE should heed the scripture says that we are to worship the Creator, not the creation.

I read about the snub in Roll Call several weeks back, so I contacted by phone and email the Reverend Haggard. I wanted to discuss his reasoning for blackballing a Senator as socially conservative as Inhofe.

Haggard, who is an Oral Roberts University grad, did not call me back, but did have an underling call me. The young man was nice, but I told him I would only discuss my thoughts with Haggard. I did ask if the reasons cited by Roll Call for Senator Inhofe not being invited to address the group were accurate. The young man confirmed they were. The pastor never called me and I don't expect to hear from him since he knows he cannot defend his position from scripture.

If Rev. Haggard wants to preach his tree hugging views at home or in his church, that's his business, but when he moves it to the public square and wraps it in the guise of the scripture, it becomes mine. The national media loves to paint all Christian conservatives with the same brush and when misinformed zealots like Haggard take their eye off the ball, it hurts the cause. If Haggard wants to start a political action committee called Christian Tree Lovers, then do it. He could invite all the liberal Senators that agree with his environmental views and perhaps they could discuss theology as well. But to move the NAE into the environmental debate when the thrust of that organization

has always been first and foremost moral issues is dishonest. If Haggard thinks it's getting hot, just wait until he encounters angry social conservatives.

Steve Fair is Chairman of the Stephens County Republican Party. He can be reached via email at okgop@aol.com or by phone at 580–252–6284.

The PRESIDING OFFICER. The Senator from Missouri.

Mr. BOND. Mr. President, I ask unanimous consent for 10 minutes from Senator DOMENICI's allocation.

The PRESIDING OFFICER. Without objection, it is so ordered.

Mr. BOND. Mr. President, we have had quite a bit of discussion on climate change and whether it is due to manmade carbon dioxide. We ask, who should we believe? Who should we trust?

On the one hand, we hear the world is ending, catastrophic climate change is upon us. The glaciers are melting, icebergs are breaking up, sea levels are rising, deserts are expanding, and somehow it is due to manmade carbon dioxide in the atmosphere.

On the other hand, when you look at history, we have natural variations: little ice ages and medieval warming periods. We have IPCC scientists on the one side who properly couch the lack of certainty in their knowledge, and we have policymakers coming up with certainty that they know the truth based on misreading of these scientists.

As the distinguished chairman of the EPW Committee said, we have hockey sticks. That turned out to be the biggest fraud in the so-called scientific literature. It did not matter what you put into it, the way he set it up, it would cause a hockey stick. Subsequent tests showed it means nothing.

We know Viking farmers used to farm in Greenland. Do you think it was warm then? Was that warming due to coalfired utilities and automobiles? I don't think so.

I came across an interesting article in Investors Business Daily: ''Trust Seal Pups' Assessment of Climate.'' Apparently, a seal pup's weight rises and falls with the temperature of the sea. When the sea temperatures are warmer, there are fewer fish. Seal pups' mothers must spend more time foraging for food and less time feeding their pups. The seal pups' weights decline. When waters are cooler, there are more fish and heavier seals.

A recent University of California–Santa Cruz study shows that seal pup weights are now increasing in the Pacific Ocean and have been for the last several years. That corresponds with reports of sardine, anchovy, and salmon populations across the Pacific rebounding and growing as the waters cool.

All of this information simply documents a natural 50-year cycle in the Pacific Ocean. It is called the Pacific decadal oscillation. Be sure and write that down because everyone will ask, what does PDO mean? Twenty-five years of cooling followed by 25 years of warming. We are now starting a cooling period.

What does this prove? At a minimum, that we have a lot of fat and happy seal pups. What we do not know and cannot know now is whether the current ocean cooling is natural or manmade by carbon dioxide emissions.

Scientists are attempting to explain the current warming and cooling trends through an understanding of the Earth's climate. However, the climate is composed of a myriad of complex variables.

Casual observers have picked out visible warming examples, such as melting glaciers and permafrost as signs of manmade global warming. However, overall climate data is conflicting and gap filled.

Ground-based temperature monitoring turned out to be skewed because it was located near newly urbanized areas and other heat-producing land-management activities.

Satellite readings, in addition to showing the flaws of ground-based temperature readings, also turned up unexplained differences between the different layers of the atmosphere. Other atmospheric conditions beyond our understanding include the role of aerosols or other fine particles and water vapor.

Apparently, our surface is brighter than it was a few decades ago. This may be related to airborne particles. This could be as variable as dust storms from China dimming sunlight and causing cooling and changed weather patterns.

Also, a potential huge effect on climate are water vapor and clouds. Everyone knows that a clear night is colder than a cloudy night when the surface heat is allowed to dissipate. We do not know whether warmer temperatures will mean more vapor and clouds or less, more moisture or less, even warmer temperatures are not.

Climate modeling is susceptible to mistakes and manipulation. We have the IPCC Summary for Policymakers not written by scientists who produced the 1,000-page report.

We have the famous hockey stick producing the same results no matter what data is entered into the model. We have economic assumptions necessary to produce even the lowest temperature rise wildly optimistic. Does anyone really believe that Third World economic output, like that in Botswana and Zimbabwe, will reach parity with the United States by 2100? Of course not, but climate models depend on just this type of wild assumption.

To be fair, modeling something like changes in the climate is extremely difficult. It is almost impossible. We are working hard to improve our understanding of climate, how it changes, and why it changes.

The Bush administration, properly, is leading the world in funding for research on climate change. We are searching for answers, but we do not have a firm understanding of our climate, so we cannot have firm answers.

Without this understanding of climate change, without the ability to blame climate change on human carbon dioxide emissions, we are now presented with major measures to find a solution to a problem we do not even know it will fix.

The Europeans will say privately that even if we cannot prove that carbon dioxide is causing global warming, we should be ''better safe than sorry.''

Unfortunately, if you believe in human-induced global warming, their solution—carbon mandates—will not make us ''safe.'' Kyoto would have had only a minimal effect on the total amount of carbon dioxide emissions in the atmosphere. McCain-Lieberman would only have a minuscule impact on total carbon dioxide emissions.

What does that leave us with, if we are not ''safe''? It leaves us ''sorry'' but not in ways that climate change proponents will admit.

We will all be sorry if we impose carbon caps because of the massive human and economic toll it would take—the unacceptable number of jobs we would kill, the unallowable number of U.S. manufacturers that would be driven overseas to countries not having these restrictions, the unimaginable amount of domestic energy resources we would give up, the unthinkable burdens we would place on the economically disadvantaged.

The sponsor of this amendment was quoted in the past as saying, ''My first priority is greenhouse gases.'' Well, my first priority is protecting our families and workers. McCain-Lieberman will hurt families, hurt our Nation's energy security, and drive jobs overseas. I do not want us to be imposing this pain on American families and workers when there is absolutely no assurance it will make any significant, if any, difference on climate change.

Tight family budgets and outsourcing jobs to China—what do they have to do with an environmental amendment? How will fighting so-called climate change with this amendment hurt our seniors and struggling families? The answer is all around us.

Every time we turn on a light it will cost us more. Every time we cool our homes to fight the blazing summer heat it will cost us more. Every time we turn up the furnace to fight the bitter winter cold, it will cost us more. Our fruits, vegetables, and grains, grown strong with fertilizer, will cost us more. Buying a product made of plastic will cost us more.

All of these necessities depend upon electricity or natural gas as a raw material. McCain-Lieberman will drastically force up the price of both. Experts estimate the price of residential electricity would rise an additional 20 percent by the year 2020. How will this drastic increase happen?

The amendment will force those who make electricity by burning coal, like we do in Missouri, to switch to high-priced natural gas, already in short supply, already causing burdens on

low-income people in my State, already forcing users of natural gas, petrochemical and plastic industries, to move out of the United States.

That is why natural gas is already expensive. Supplies are limited. Think what will happen when we demand even more scarce natural gas to protect electricity? Prices will go up. Farmers who use it for fertilizer for their crops will drastically be affected.

The average household would lose at least $600 each year by 2010 and up to $1,000 by 2020. But the hardest hit will be seniors and the poor. Higher power and cooling bills will hit those on fixed incomes the hardest. What will they cut? Food, lighting bills, drugs.

What will employers cut when they face higher energy costs, higher prices for natural gas? They will cut jobs or move them overseas. Experts predict up to 40,000 lost jobs in 2010, rising to 200,000 lost jobs in 2020. Is that what we want to do, kill 200,000 jobs a year?

So where does that leave us? I believe the solution is in new technologies to make clean energy without steep price increases, technologies that will protect our families and protect our workers, technologies that will make our environmental goals affordable, not job ending or poverty inducing.

We need investments in hydrogen and fuel cells. We need investments in clean coal. We need technologies that will let us harness domestic fuel supplies and provide clean energy.

And when we have these clean, affordable technologies developed, we need to deploy them on a commercial scale.

We have super-critical pulverized coal technologies that in the near future will be so efficient that they will reduce the amount of carbon dioxide produced by 25 to 30 percent. And we are working on the Future Gen program to produce electric power with only water released into the environment.

What we need now is to get serious about helping these technologies get to the market. They are more expensive than current plants, so they need some help. The appropriations process under Senator DOMENICI's leadership is putting more money into clean coal technology, and I thank him for that.

This Energy bill under his leadership has technology deployment provisions that will make clean coal technology affordable. Additionally, Senator HAGEL's amendment will authorize direct loans, loan guarantees, standby default coverage and standby interest coverage for technologies that reduce greenhouse gases. So I was happy to support that.

Mr. President, I ask unanimous consent that I be granted 2 more minutes.

The PRESIDING OFFICER. Without objection, it is so ordered.

Mr. BOND. We could have clean and affordable technologies. This bill is moving us in the right direction. That is the way we should go. We have technologies such as mentioned by the Senator from Ohio, the integrated gasification combined cycle that turns coal into gas, allows for the capture of pollution and carbon, and someday will allow us to sequester carbon.

This Energy bill is working to make more technology deployable. Senator HAGEL's amendment will authorize direct loans. But we could be moving right now to clean up pollution.

This spring in the Environment Committee, the Clear Skies legislation, proposed by the President would cut smog-producing nitrogen oxides by 70 percent, acid-rain-causing sulfur dioxides by 70 percent, and mercury by 70 percent.

These cuts would have come solely from electric power plants. Ninety percent of the local areas violating EPA air standards would come into compliance with this measure. However, our opponents have held this hostage saying that they do not want to clean up $NO_x$, $SO_x$, and mercury by 70 percent because they want to chase the ephemeral carbon cause of global warming.

Well, it is not proven. Manmade emissions are not proven. But we know we can make progress. I considered attaching the Clear Skies legislation to this bill but, unfortunately, opponents would just use that as another excuse to kill both this bill and Clear Skies. But at the end of the day, if we can reject this unwise, overreaching McCain-Lieberman proposal, we will be able to move forward with a measure that will work to increase our energy supply, reduce our dependence on foreign sources, and provide us cleaner energy.

I urge my colleagues to oppose the McCain-Lieberman amendment.

I ask unanimous consent that a copy of the article I mentioned be printed in the RECORD.

There being no objection, the material was ordered to be printed in the RECORD, as follows:

TRUST SEAL PUPS' ASSESSMENT OF CLIMATE

(By Dennis Avery)

A new study of the weaning weights of California's elephant seal pups predicts that a 25-year trend of Pacific Ocean warming has ended.

That means that the second half of a 50-year cycle has begun to cool the northern Pacific. In addition, historical fish catch data indicate the ocean cooling trend is likely to last until about 2025.

Burney Le Boeuf and David Crocker of the University of California, Santa Cruz, monitored the weaning weights of central California seal pups for 29 years, from 1975 to 2004. The ocean's temperatures generally increased, and the pups' weaning weights declined 21 percent over 24 years from the study's beginning until 2000.

The seal pups' weight decline coincided with an increase in their mothers' foraging time of 36 percent. A decline in the mothers' own weights confirmed that fish were relatively scarce. After 1999, however, ocean temperatures began to decline, fish became more abundant and the pups' weaning weights abruptly began to rise. By 2004 the pups' weaning weights had recovered to 90 percent of their 1975 weaning size.

ANCHOVY WEATHER

Seal pup weight trends confirm a cycle also found in northern Pacific salmon catches. Columbia River salmon numbers declined sharply after 1977.

And Columbia River salmon catch data, which date back to 1900, clearly reveal 50-year cycles, with 25 years of salmon abundance interspersed with 25-year periods of salmon scarcity. Gulf of Alaska salmon catch data show a similar but opposite cycle in salmon numbers. When the count of Columbia salmon fishery is down, Alaskan salmon numbers are up.

Dr. Francisco Chavez of the Monterey Bay Aquarium led a 2003 study that found shifts in sardine and anchovy populations across the Pacific followed the same 50-year cycle, and did so in such widely disparate places as California, Peru and Japan, all with sharply different fishing pressures. Chavez's data show the most recent shift toward cooler temperatures, which favor anchovies over sardines, occurred in the late 1990s.

The previous shift toward warmer temperatures, which disadvantaged the California seal pups and anchovies, occurred in the mid-1970s. Researchers have begun to call the 50-year ocean cycle the Pacific decadal oscillation (PDO).

During the PDO, ocean temperatures rise and fall, fish species wax and wane, and fish are caught in different places, but total ocean productivity remains stable.

Do seals, salmon and sardines have some thing to tell us about man-made global warming? Yes.

Earth's temperatures have definitely increased since 1850—the end of the widely noted Little Ice Age—by 0.8 degrees Celsius. However, 0.6 degrees of the warming occurred before 1940, and therefore before much human-emitted CO2 was produced.

After 1940, the Earth's temperature declined moderately until the late 1970s, despite huge increases in human CO2 emissions and in defiance of the greenhouse theory. Is it just coincidence that during this period the PDO was cooling the Pacific?

The current surge of public concern about human-caused global warming occurred after the Earth's average temperatures began to rise again in the late 1970s—which coincided with the PDO's shift back to its ocean warming phase.

So does the recent shift in the PDO mean the Earth's average temperatures will start to cool again? Was the ''warmest decade'' of the 1990s an artifact of expanding urban heat islands and a 25-year Pacific Ocean warming phase?

UP AND DOWN

Ice cores and seabed sediments have already told us that the Earth has a long, moderate, natural 1,500-year cycle that raises temperatures in New York 2 degrees Celsius during its warming phase and drops them 2 degrees Celsius during little ice ages. The Little Ice Age, from 1300 to 1850, was the most recent of these cooling phases.

Now seal pups and sardines are instructing us that even temperature trends as long as 25 years can mislead us about cause and effect in the Earth's climate—which has been cycling constantly for at least the last million years.

We might want global climate modelers and the United Nation's Intergovernmental Panel on Climate Change to address evidence of the PDO before we agree to give up 85 percent of society's energy supply on behalf of man-made global warming.

Mr. MCCAIN. Mr. President, I yield 10 minutes to the Senator from Delaware off my time.

The PRESIDING OFFICER. The Senator from Delaware.

Mr. CARPER. Mr. President, I thank the Senator from Arizona for yielding

me time. And even more, I express my thanks to him and Senator LIEBERMAN for the leadership they are providing on an enormously important issue for not just our country and our States but, really, I think for the world in which we live.

I want to start off today with something of an admission. I want to admit to all of you that I am really a Johnny-come-lately on the issue of global warming. Not that long ago, I believed we needed more science to be able to justify action; that we needed more research to justify action. Not that long ago, I feared that taking meaningful action could very likely mean that we do harm to our economy.

But with the passage of time, like a lot of our Republican friends and our Democrat friends, I have changed my mind. Over the past several years, I have become a believer. Global warming is real. We do need to do something about it. I have enough faith in American technology and our ingenuity and our know-how to believe we can do that without endangering economic growth.

Two of the key people who have helped to educate me on this issue are Dr. Lonnie Thompson and his wife Ellen Mosely-Thompson. Both are professors at Ohio State University. Just last month, Lonnie was elected to the National Academy of Sciences. As an undergraduate student and graduate of Ohio State University, I am proud to say I know them, although neither of them was a professor of mine when I was a student there a long time ago.

Doctors Thompson are not retired academics who sit in Columbus, OH, and pontificate about global warming. They get their hands dirty. They have led some 40 expeditions around the world—to the Himalayas, to Mount Kilimanjaro, and to the Andes in South America—in an attempt to figure out how global warming is changing the face of our most famous mountaintops.

According to Lonnie Thompson:

> In 1912, there was over 12 square kilometers of ice on Mount Kilimanjaro.

When the Thompsons went to that mountain in February of 2000, it was down to about 2 square kilometers of ice. Lonnie Thompson projects sometime around 2015—that is 10 years from now—the ice that sits atop Mount Kilimanjaro will disappear entirely.

From all their studies of glaciers and icecaps atop mountains in Africa and South America, Lonnie and Ellen Thompson have concluded that many of them will simply melt within the next 15 years because of global warming. And their fear is that little can be done to reverse that.

I would like to share with you today several enlarged photos. I will start with one of the icecaps the Thompsons have studied in the Southern Andes. This first one shows what it looked like in 1978—27 years ago and the second shows the same mountain in 2000. This area here may not look like a whole lot, but that is a 12-acre lake that exists today which did not exist in 1978. There is a lot less ice, a lot of melting, and now we have a lake where a glacier once stood.

Now, that may or may not sound like a lot, but consider this: The Thompsons have observed that the rate of retreat has been 32 times greater in the last 3 years than it was in the period between 1963 and 1978. Just think about that; 32 times greater that this glacier has retreated in the past 3 years than it did back in the 1960s and 1970s.

Now, that is the Andes. Let's look at something just a little bit closer to home. Glacier Bay is located along the coast of southeastern Alaska. It is a national park and preserve filled with snow- and ice-covered mountains. A lot of us have been there, visited, and seen them with our own eyes.

This next photo is of the Riggs Glacier in Glacier Bay. It was taken by the U.S. Geological Survey, I believe, in 1941, over 60 years ago.

Now, look at this next picture. It is also the same spot, taken in 2004. There is no ice. The weather warmed up enough that we actually have vegetation. This might be the upside of global warming, but there is a downside as well, and that is what I am going to be focusing on today.

These are just two examples, my friends, and there are plenty more we do not have time for today. Together I believe they spell out an ever more convincing case that our Earth is warming, and at an increasing rate, and what is more those of us who live on this planet are largely to blame.

I want us to consider some facts as we know them. If we could take a look at this next chart. First of all, 9 out of 10 of the hottest years on record have occurred in the last decade. Arctic sea ice has shrunk by some 250 million acres—an area the size of California, Maryland, and Texas combined. Since 1995, more than 5,400 square miles of ice have broken off of Antarctica and melted.

Skeptics will still try to claim that there is no official link between what we see happening across the globe and manmade greenhouse gases. But last month, scientists at NASA's Goddard Institute for Space Studies announced that they have found the ''smoking gun'' in the global warming debate. What they have done is they have used sophisticated computer models and ocean-based measurement equipment. NASA scientists found by doing so that for every square meter of surface area, our planet is absorbing almost 1 watt more of the Sun's energy than it is radiating back into space as heat—a historically large imbalance that these NASA scientists tell us can only be attributed to human actions. Their conclusion:

> There can no longer be substantial doubt that human-made gases are the cause of global warming.

Their words, not mine.

According to scientists, that imbalance will only get worse over the next century. Computer modeling shows that temperatures may well rise between 2 to as many as 10 degrees Fahrenheit by the end of the 21st century depending on how well carbon emissions are controlled by us here on this Earth. The effects of our doing nothing could be catastrophic. As the Earth's temperature increases, the extra heat energy in the atmosphere likely will trigger even greater extremes of heat and drought, of storms and wind and rain and even sometimes of more intense cold. The Environmental Protection Agency estimates that unless global warming is controlled, sea levels will rise by as much as 2 feet over the next 50 years. For our island nations and coastlines, that could mean literally entire communities and beaches wiped out.

I like to joke, but it is really gallows humor, that in Delaware our highest point of land is a beach. A sea level rise of that magnitude would mean that people wouldn't be looking for beachfront property at Rehoboth or Dewey Beach. They might be looking for it closer to the State capital in Dover, DE, than any place along the shores we visit.

The PRESIDING OFFICER. The Senator has used 10 minutes.

Mr. CARPER. I thank the Chair.

I also want to quote a Republican friend of mine who recently pledged to cut California's carbon dioxide emissions by more than 80 percent over the next 50 years:

> I say, the debate is over. We know the science. We see the threat, and we know the time for action is now.

I want to ask, what does the chief executive of California know that the chief executive of our country may not yet know? Our country is the largest emitter of greenhouse gases. The Governator knows that. He knows we account for almost 20 percent of the world's manmade greenhouse emissions. He also knows we account for about one-quarter of the world's economic output. The bottom line is, the United States has a responsibility to lead on this issue.

The PRESIDING OFFICER. The Senator's time has expired. Does the Senator from Arizona wish to yield any additional time?

Mr. CARPER. I don't believe my time has expired. Someone just told me I had 5 more minutes a minute ago. I would ask for 2 more minutes.

Mr. MCCAIN. I yield the Senator 2 more minutes.

The PRESIDING OFFICER. Let me check the calculation of allotted time.

It is the understanding of the Chair that 10 minutes that had been yielded has been used.

Mr. MCCAIN. I yield 3 additional minutes to the Senator from Delaware.

The PRESIDING OFFICER. The Senator is recognized.

Mr. CARPER. The United States has a responsibility to lead on this issue. Unfortunately, we have not seen a whole lot of leadership coming from

the White House or Congress on global warming—at least not yet. The McCain-Lieberman proposal before us is not Kyoto. It calls for more realistic timeframes for $CO_2$ reductions and more flexibility for businesses to meet them. In my opinion, the time has come for action. That is not just my opinion, that is an opinion shared by a growing number of American businesses as well. They see the future. They are telling us to act now rather than later.

In the face of overwhelming scientific evidence, most naysayers have moved away from questioning whether climate change is real. They have now pinned their excuse for inaction on the adverse effects carbon constraints would have on the economy. However, some forward-thinking businesses are starting to realize that doing something proactive on global warming represents an opportunity to enhance their bottom line.

More American businesses are coming to realize that controls on carbon dioxide emissions are probably inevitable. They are saying it makes sense to take small steps now to avoid bigger problems later. A growing number of those companies have concluded that if we act to address climate change now, we can actually help them and their bottom line.

Let me give a couple examples. Companies realize they can make money by being green. Last month, for example, GE chief executive Jeffrey Immelt said his company is prepared to support mandatory limits on $CO_2$ while simultaneously moving forward to double revenues from environmentally friendly technologies and products to $20 billion within 5 years. Here is what Mr. Immelt said:

> We believe we can help improve the environment and make money doing it . . . we see that green is green.

In addition, more shareholders these days are demanding green portfolios. Evangelical and environmental groups as well as State pension fund officials, who together control more than $3 trillion in assets, get it. They are pushing resolutions at shareholder meetings that will compel companies to disclose their financial exposure to future global warming regulations. Their pressure has resulted in many companies developing global warming policies in order to decrease future liabilities and show a greener, more environmentally friendly portfolio.

There is also more pressure among corporate peers to prove their environmental stewardship. JPMorgan recently announced that it would ask clients that are large emitters of greenhouse gases to develop carbon reduction plans. Similar commitments were made earlier by Citigroup and Bank of America.

Other companies, such as DuPont, a major global manufacturer headquartered in Delaware, have already begun taking meaningful steps to reduce their carbon dioxide emissions. In the mid-1990s, DuPont began aggressively maximizing energy efficiency as part of a global climate change initiative. This strategy allowed DuPont to hold their energy use flat while increasing production. Their efforts have reduced their greenhouse gas emissions by more than 60 percent and saved this company $2 billion. Chad Holiday, CEO of the company, said:

> As a company, DuPont believes action is warranted, not further debate. We also believe that the best approach is for business to lead, not to wait for public outcry or government mandates.

I, too, believe the time has come to act. I also believe that given the right initiatives, even more American companies will rise to the challenge.

As businesses such as DuPont and GE have begun taking steps to address climate change, more and more States and cities are moving to do the same. Just this month, the U.S. Conference of Mayors unanimously passed a resolution calling on their 1,183 cities to try to meet or surpass emissions standards set by the Kyoto Protocol. Nineteen States have developed renewable portfolio standards in an effort to encourage more energy to be derived from cleaner and less carbon producing sources.

The PRESIDING OFFICER. The Senator's time has expired.

Mr. CARPER. I ask unanimous consent for 1 more minute.

The PRESIDING OFFICER. Without objection, an additional minute is yielded.

Mr. CARPER. There is good news and bad news in all this. On the one hand, you have all these cities and States taking their own course. While that is encouraging, on the other hand, for businesses that need some certainty and a national game plan, there is a problem with that. We don't need a patchwork quilt. What we need is the Federal Government to provide some leadership and certainty for our businesses.

On Social Security, the President says we are going to have a big problem 20, 30, 40 years down the road. And in order to avoid a big problem, a big train wreck, we need to take some small steps now. Frankly, the same argument applies to global warming. Thirty, 40, 50 years down the road, we are going to have a huge problem. It could be averted if we take some small, measured, reasonable steps today. The sooner we get started, the better off we will be and the less likely that a train wreck will occur 30 or 40 years later in this century.

I yield back my time, and I thank my colleagues for their leadership and for the extra time.

The PRESIDING OFFICER. The Senator from Connecticut.

AMENDMENT NO. 826, AS MODIFIED

Mr. LIEBERMAN. Mr. President, I thank my friend from Delaware for a very compelling statement. If anybody wasn't listening to what he had to say, look at the pictures, understanding that he didn't start out being in favor of this, but the science brought him in this direction. When people look at it with an open mind, they will join us. I thank him for his support.

I ask unanimous consent to make a minor modification to the amendment Senator MCCAIN and I have offered and send a modification to the desk. On page 100 of our amendment, it would strike lines 16 through 20. I believe it has been cleared on both sides.

The PRESIDING OFFICER. Without objection, the amendment is so modified.

The modification is as follows:

> On page 100, strike lines 16 through 20.

The PRESIDING OFFICER (Mr. SUNUNU). Who yields time?

Mr. INHOFE. Mr. President, I yield 10 minutes to the Senator from Idaho.

The PRESIDING OFFICER. The Senator from Idaho is recognized.

Mr. CRAIG. Mr. President, let me thank my colleagues, Senators MCCAIN and LIEBERMAN, for bringing this debate to the Senate floor. Let me say to my colleague from Delaware, he has made a very compelling statement for sustaining the status quo. America and America's industries have awakened to the marketplace, and they are recognizing and moving this country toward cleaner energy and cleaner industry faster than any command and control Federal regulation could bring us there. Last year, a 2.3-percent reduction in greenhouse gases; this year a projected 3 percent, and all within the economy and all within the initiative of boards of directors and city councils and urban areas. Why? Because there is a belief that it is necessary and important for us to drive down the emission of greenhouse gases without the Federal Government stepping in and taking away the very value of a free market and beginning to command and control a market and shape it in what could be, if not done well or on the wrong science, a distorted market false way.

What we passed yesterday was very clear—incentivize, bring in new technology. The Hagel-Pryor amendment that was agreed to by a bipartisan majority is consistent with where this administration and where our initiatives have been going now for well over a decade.

We are beginning to see the results. We haven't created a huge Federal bureaucracy. We haven't created a carbon czar. We haven't picked winners and losers. We have allowed the DuPonts and the other major companies of this country to recognize the value. We have even incentivized them to some extent. But more importantly, America recognizes that if we use our markets and our technology, we can be much cleaner than we are without commanding and controlling and creating a Federal bureaucracy that just might get it wrong.

Here is what happens when you blend politics and bureaucracy. Let me make this point because Senator LIEBERMAN

was on the floor yesterday making the point. I want to broaden what he said. It is important for us to understand the politics of the business we are in. The politics of the business is now the G8. We have the President going to the G8. The chairman of the G8 is Tony Blair. Tony Blair wants to get in favor with the political greens of Europe because he got out of favor with them in Iraq, and he is making climate change his initiative. But he is also over in Brussels bidding for more credit because he can't get his country there without shutting down the economy because the technology is not yet there to get Great Britain there. That is the politics across this issue and the politics across Europe.

My colleague, JOE LIEBERMAN, did something, and it is not a criticism at all. On the joint science academies' statement of a month ago, I noticed two very big polluters, India and China, are signatories of this national academy document. They are burning coal. They are going to burn a lot more and they don't plan to do anything about it. But they are concerned. Here is the lead paragraph:

> There will always be uncertainty in understanding a system as complex as the world's climate. However, there is now strong evidence that significant global warming is occurring.

And then they go on. I took issue with that and I called and wrote to the chairman of our academy because they were a signatory. I said: What is wrong here? Why are you changing your course and direction? Bruce Alberts wrote back to me.

I ask unanimous consent that these letters be printed in the RECORD.

There being no objection, the material was ordered to be printed in the RECORD, as follows:

U.S. SENATE,
*Washington, DC, June 8, 2005.*

BRUCE ALBERTS, Ph.D.,
*President, National Academies of Sciences, Washington DC.*

DEAR DR. ALBERTS: I received a copy of the ''Joint Science Academies' Statement: Global Response to Climate Change'' yesterday and read it with great interest. I was pleased that the recommendations contained in that Statement mirror actions that our government has taken during the last five years to address the potential threat of climate change and reduce greenhouse gases.

As you know, the United States has committed billions of dollars to mobilize the science and technology community to enhance research and development efforts which will better inform climate change decisions. Indeed, the Administration has initiated a Climate Change Science Program Strategic Plan that the Academy reviewed and endorsed. Moreover, the United States is engaged in extensive international efforts on climate change, both through multilateral and bilateral activities. The United States is by far the largest funder of activities under the United Nations Framework Convention on Climate Change and the Intergovernmental Panel on Climate Change.

So, it was with dismay that I read the attached press release from the Royal Society, attempting to characterize the Joint Statement as a rebuke of U.S. policies on climate change. Statements such as: ''The current U.S. policy on climate change is misguided. The Bush Administration has consistently refused to accept the advice of the U.S. National Academy of Sciences (NAS)'' contained in the press release are offensive and inconsistent with my understanding of the facts. Moreover, the interpretation of the NAS 1992 report on climate change is also contrary to my understanding of that document. Indeed, it appears to me that the Joint Statement is being hijacked by the Royal Society for reasons that have nothing to do with the advancement of scientific understanding of this most complex and controversial subject.

I would appreciate a clarification of the meaning of the Joint Science Academies Statement. I am also interested in the origins of this Statement and am very curious about the timing of the release of this Statement.

Thank you for your prompt attention to this request.

Sincerely,

LARRY E. CRAIG,
*U.S. Senator.*

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NATIONAL ACADEMY OF SCIENCES,
*Washington, DC, June 9, 2005.*

Hon. LARRY E. CRAIG,
*U.S. Senator,*
*Washington, DC.*

DEAR SENATOR CRAIG: Thank you for your letter of June 8 concerning the statement by eleven science academies on Global Response to Climate Change. I was very dismayed when I read the press release issued by the Royal Society, especially the quote by Dr. Robert May contained in your letter. Their press release does not represent the views of the U.S. National Academy of Sciences, and it was not seen by us in advance of public release. The press release is not an accurate characterization of the eleven academies statement, and it is not an accurate characterization of our 1992 report. I have enclosed a copy of the letter that I sent yesterday to Dr. May, President of the Royal Society, expressing my displeasure with their press release.

The eleven academies statement was carefully prepared, and in our view it is consistent with the findings and recommendations of previous reports issued by our academy that underwent rigorous review. These reports include the Policy Implications of Greenhouse Warming: Mitigation, Adaptation, and the Science Base (1992) and Climate Change Science: An Analysis of Some Key Questions (2001).

Our hope was that eleven academies statement would be useful to policy makers as they deal with this important issue. Regarding the timing of the statement, the goal of the academies was to have the statement released prior to the G8 summit in July. The participating academies planned for a release in May, but preparation of the statement and securing its approval took longer than anticipated. As soon as the statement was approved by all of the academies, it was released a few days later.

I would be glad to provide any additional information or to answer any remaining questions you may have.

Sincerely,

BRUCE ALBERTS,
*President.*

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NATIONAL ACADEMY OF SCIENCES,
*Washington, DC, June 8, 2005.*

DR. ROBERT MAY,
*President, The Royal Society,*
*London U.K.*

DEAR BOB: I am writing with regard to the press release issued June 7, 2005 by the Royal Society entitled ''Clear science demands prompt action on climate change say G8 science academies''. There, I was dismayed to read the following quote from you: ''The current U.S. policy on climate change is misguided. The Bush Administration has consistently refused to accept the advice of the U.S. National Academy of Sciences (NAS). The NAS concluded in 1992 that, 'despite the great uncertainties, greenhouse warming is a potential threat sufficient to justify action now', by reducing emissions of greenhouse gases.''

Your statement is quite misleading. Here is what the report that you cite actually said: ''Despite the great uncertainties, greenhouse warming is a potential threat sufficient to justify action now . . . This panel recommends implementation of the options presented below through a concerted program to start mitigating further build-up of greenhouse gases and to initiate adaptation measures that are judicious and practical . . . The recommendations are generally based on low-cost, currently available technologies''. (Policy Implications of Greenhouse Warming: Mitigation, Adaptation, and the Science Base, p. 72; 1992).

By appending your own phrase, ''by reducing emissions of greenhouse gases'' to an actual quote from our report, you have considerably changed our report's meaning and intent. As you know, a statement resembling yours was present in the Royal Society's initial draft for a G8 statement. However, it was removed for carefully explained reasons from subsequent drafts. Thus, the relevant statement in the final G8 text is as follows: ''The scientific understanding of climate change is now sufficiently clear to justify nations taking prompt action. It is vital that all nations identify cost-effective steps that they can take now, to contribute to substantial and long-term reduction in net global greenhouse emissions''.

The actual text of the G8 statement that we signed is perfectly consistent with what we have been telling our own government in a variety of reports since 1992, whereas your interpretation of our 1992 report is not.

As you must appreciate, having your own misinterpretation U.S. Academy work widely quoted in our press has caused considerable confusion, both at my Academy and in our government. By advertising our work in this way, you have in fact vitiated much of the careful effort that went into preparing the actual G8 statement. As an unfortunate consequence, I fear that my successor, Ralph Cicerone, could find it difficult to work with the Royal Society on future efforts of this kind—both in this and other important areas for the future of the world.

Sincerely yours,

BRUCE ALBERTS,
*President.*

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THE ROYAL SOCIETY,
*London, U.K., June 9, 2005.*

PROFESSOR BRUCE ALBERTS,
*President, National Academy of Sciences,*
*Washington, DC.*

DEAR BRUCE, Thank you for your letter of 8 June 2005. I am naturally concerned that our press release has caused so much difficulty for you in the Academy and with your Government.

I have read again the relevant part of your 1992 report, Your 1992 quote says, of course, ''despite the great uncertainties, greenhouse warming is a potential threat sufficient to justify action now.'' It then goes on to say ''This panel recommends implementation of the options presented below through a concerted programme to start mitigating further build up of greenhouse gases . . .'' Your report then immediately below (on the same page) in the section headed ''Reducing or Offsetting Emissions at Greenhouse Gases'' says

Energy policy recommendations include reducing emissions related to both consumption and production.'' The next three pages of recommendations go into detail about how to achieve these reductions.

Given the very clear recommendations that your 1992 report contains for reducing greenhouse gas emissions, I fail to see how you could make the accusation that our press release misrepresents its contents. And clearly your 1992 report remains a definitive statement because you have placed a prominent link to it from the information about the joint statement on the home page of your website. The joint statement and your 1992 report both appear to me to be perfectly consistent with the statement in the press release to which you have objected.

I can understand that the Academy may have receive criticism for re-stating its position so clearly and so appropriately now. It is clearly not a politically convenient message for the U.S. Government, particularly at a time when media reports have suggested that there have been attempts to doctor official documents relating to the science of climate change. But the U.S. media coverage of the Academies' joint statement that I have seen appears rather favourable, as has been the media coverage in the UK. Indeed, the Philadelphia Inquirer published a supportive editorial today.

Some of the coverage has suggested that the release of the statement showed ''uncharacteristic political timing''. This, of course, was by accident, rather than design. We had originally hoped to publish the statement on 24 May, but agreed to delay until 8 June at your request. We were completely unaware when we agreed to the change of date that this was so close to the Prime Minister's visit to Washington.

In the event, we only moved forward the release by a day when it became apparent that British journalists had discovered a neat-final draft of the statement on the website of the Brazilian academy. And we only issued the release after we had obtained explicit agreement from the Academy and even delayed contacting journalists until your officials had had the opportunity to brief the White House.

I am confident that we acted perfectly properly in this matter and am surprised by your comments. I am sure that our two academies will continue to work closely together as we have done in the past and as befits organisations with such similar objectives.

Yours,

ROBERT M. MAY,
*President.*

Mr. CRAIG. Mr. President, he said they had not changed their course and direction and they didn't agree with the Royal Academy's statement. They thought it was misleading. That is not what they said, not what they believe. It is not what they intended.

Then the head of the National Academy of Sciences wrote a letter to the Royal Academy. The Royal Academy basically said stuff it, it is our interpretation of what you said and we have a right for our own interpretation. No, the Royal Academy does not have a right to reinterpret the profound work of the National Academy of Sciences, the Hathaway study, the 1992 documentation that brought us to the scientific level we are today.

The reason we are having this gamesmanship in the National Academy of Sciences is because this is ripe politics. It is not substantive science. While there are those of us who believe there are strong indicators that this world is getting warmer, we are not so sure about the science yet. But we are sure—and that is why this legislation we are adding this amendment to, or attempting to add the McCain-Lieberman amendment to, is all about ''clean'' and all about new technology that is less emitting, has less greenhouse gas in it, and recognizes the importance that our country lead in this direction.

I spoke about that yesterday. I spoke about the intensity indicator as it relates to units of production instead of the false game of capping, because that is where you show how much carbon you are using to produce an element or an indices and a unit of economic growth. That is what this all ought to be about. The Hagel-Pryor amendment is about that. I am not going to slip into what some would call the false argument of the economy. But there is a profound argument to be made if you decide you are going to cap and control carbon in our country and distort the market and don't drive us toward new technologies of gasification and all of those things that reduce carbon in the atmosphere.

Let me tell you where it is. A few years ago, when we were debating against Kyoto and we said it would cause a recession here and cost nearly 3 million jobs, it was laughed at by some at that time. I am sorry, you were wrong and a few of us were right. Here are the facts to prove it. The chart speaks for itself. In the industrial sector of our economy, during the depth of the last recession we have just come out of, we lost about 2.5, 2.6, or 2.7 million jobs in that sector of our economy. It drove them down to 1990 levels of greenhouse gas emissions. In other words, we hit the targets of the Kyoto protocol by a recession that took away 2.9 million jobs.

Now, we have continued to grow some in transportation, residential, and commercial. But in the industrial sector, where the blue-collar American works, we drove them out of their jobs by the economy's inaction; whereas, if we had accepted the Kyoto protocol, accepted McCain-Lieberman in principle, we would have had to have the rules and regulations to accomplish 1990 levels, and that would have been the consequence.

Now there is a strong, legitimate, economic argument that has to be made. Unless you let the economy work its will, and you incentivize the economy to do exactly what it is doing, to do what the Senator from Delaware talked about, energy being used by industry in a way that is cleaner, every time you create a new job in this country, that job is a cleaner job. Why? Because it is employment from new technologies, and that economic unit of production is less carbon intensive, and those are the realities of where we are. We expressed that very clearly yesterday in the Hagel-Pryor amendment.

It is all about science, about new technologies, about creating partnerships with our foreign neighbors. It is not command and control and penalize. We want Third World nations to step up and to grow and to improve the economy and, therefore, the livelihood of their country for their own people. You don't do that by controlling them. That is why China would not step into this. That is why India would not step into it at the time of Kyoto and the protocol itself. Now they may be playing political games in this national academy joint statement of a month ago, but are they doing it substantively at home on the ground? China is going to burn a lot more coal in the future and, in large part, the way we can help them is to help ourselves by incentivizing the use of gasification and bringing that technology online, and doing so not with commanding and controlling but encouraging, incentivizing.

De Tocqueville was right, that regulations could kill the great American experiment. Regulations are the antithesis of freedom and freedom in the marketplace, so incentivizing is doing for us exactly what we want done on climate change today, changing the character of how we do it and the character of the energies we use and the cleanliness of it. It is beginning to recognize if you are for climate change, you have to be for nuclear electric generation and a combination of a lot of other things.

I hope our colleagues will oppose McCain-Lieberman. Command and control will not get us where we want to get without costing us jobs and building a big Federal bureaucracy to regulate the system.

I yield the floor.

Mr. MCCAIN. Mr. President, I yield myself 2 minutes. I hear a lot of conversation in private, and sometimes even on this floor, about being political and the reasons for action are political. The Senator from Idaho just did a great disservice to the Prime Minister of England, Tony Blair. I happen to know him. I have discussed this issue. To impugn his motives as the Senator just said—trying to get back with his buddies because of his support—that is character assassination. It is patently false and a great disservice to the leader of one of our great allies.

I would never question the motives of my opponents. To say the Prime Minister of England is motivated by political reasons for the strong and principled stand he has taken on climate change demanded my response, because I know he is an honorable man and not on this issue driven by political reasons.

I yield the floor.

Mr. CRAIG. Will the Senator yield for a moment? Mr. President, will the Senator from——

Mr. INHOFE. I yield one additional minute to the Senator from Idaho.

Mr. CRAIG. The Senator from Arizona suggested I am impugning the motives of Tony Blair. If I am, I apologize for that. I have submitted for the

record the statements of the Royal Academy of Science and the statements of the National Academy of Sciences, and I will let them speak for themselves. I know the politics in Europe probably as well as my colleague from Arizona. I know it is a very green politics, attempting to force this President and this Government to ratify Kyoto and the Kyoto protocol. We have said no to that. Tony Blair has put unmitigated pressure on this President. He has even lobbied us individually on it, suggesting we ought to get this President to change his mind.

The Senate spoke yesterday. The Senate has not changed its mind. We support our President. The timing, as the Senator from Arizona knows, of this was uniquely special in light of a July 8—I believe it is July 8—conference of the economic powers. So I would imply there is a lot of politics in this. I will take out of that conversation the personality of Tony Blair, although he personally lobbied me and other Senators.

Mr. MCCAIN. Mr. President, I am not going to continue this because I am afraid it may evoke further comments by the Senator from Idaho that may further diminish the reputation of a great European leader, who is obviously committed to addressing the issue of climate change. I will just say that in the joint academies' statement, it says in the global response to climate change, there will always be uncertainty in understanding a system as complex as the world's climate. However, there is now strong evidence that significant global warming is occurring.

The question is: Are we going to do something meaningful about it, or are we going to have a figleaf, such as we just passed with the Hagel amendment?

I yield 5 minutes to the Senator from Illinois.

The PRESIDING OFFICER. The Senator from Illinois is recognized.

Mr. OBAMA. Mr. President, in every generation, there are several defining moments when we have the chance to take a new course that will leave our children a better world. Addressing the threat of global climate change is one such moment.

Climate change is not just about a particularly hot summer or cold winter. It is not just about a few species of plants and animals. And it is not some far-off threat we don't have to worry about for hundreds of years.

While there are some who still argue with the overwhelming scientific evidence that details the full magnitude of the problem, the evidence is now all around us. The problem is here. And the solution needs to come now.

Since 1980, the Earth has experienced 19 of its 20 hottest years on record, with the last three 5-year periods being the three warmest ever. This is the fastest rise in temperature for the whole hemisphere in a thousand years.

Here in America, we have seen global warming contribute to the worst drought in 40 years, the worst wildfire season in the Western States ever, and floods that have caused millions of dollars in damage in Texas, Montana, and North Dakota. Sea levels are already rising, and as they continue to do so, they will threaten coastal communities.

If we do nothing, these problems will already get more severe. Warmer winters may sound good to us, but they also mean longer freeze-free periods and shifts in rainfall that create more favorable conditions for pests and disease and less favorable conditions for crops such as corn and soybeans.

As more forests and farms are affected, millions of jobs and crops we depend on could be jeopardized.

There are also health consequences to climate change. Rising temperatures mean that insects carrying diseases like malaria are already spreading to more regions throughout the world. And the reduction in ozone layer protections means that more children are likely to develop skin cancer.

Even if we stopped harmful emissions today, we are headed for a one degree increase in temperature by the year 2010.

And since we won't stop emissions today, the temperature outside may increase up to 10 degrees by 2100.

To Illinoisans watching this debate, that means your grandchildren—when they become grandparents—may see Illinois summers as hot as those in Texas, if we don't act now. And those summers in Texas will be more unbearable.

So what can we do now to protect our planet and our people from the effects of global warming? The first step is to adopt the McCain-Lieberman amendment. This bipartisan approach to addressing climate change is not only good environmental policy, it is good economic policy.

This amendment allows the market to determine the best approaches to reducing greenhouse gas emissions and rewards those with the most cost-effective approach by enacting a cap-and-trade allowance system. The revenues generated from this program will go directly to training workers, helping the industries most affected by the reductions cap, and providing the necessary funds to ensure that the United States, not China or India, is the leader in energy innovations such as coal gasification, smaller and safer nuclear plants, and renewable technologies.

Since so many people in Illinois depend on coal for jobs and for energy, and since America is essentially the Saudi Arabia of coal, I am also pleased that this amendment will specifically fund clean coal technology and allow extra allowances for coal companies that use carbon sequestration methods.

The underlying bill will provide $200 million for clean coal technology, $500 million for coal pollution technologies, and $2.5 billion for clean coal based power generation technologies.

This two-track approach—a strong investment in clean coal, coupled with providing certainty to industry so they may prepare for investment in these technologies today—is the right approach to both strengthen our economy and lead us toward the 21st century energy policy.

The United States should be leading the world in investing in existing technologies that harness coal's power while reducing its pollutants.

We now have applications to construct 100 new coal plants. Plants all over the world will get built no matter what, but if we do not make sure each one is equipped with the right technology, future generations will be forced to live with the consequences—dirtier air and dangerous climate change.

We know this country's scientific minds already have the ideas to lead the United States into the future. In this increasingly competitive global marketplace, government needs to do its part to make sure these ideas are developed, demonstrated, and implemented here in the United States, and the McCain-Lieberman amendment can do just that.

Let me make two final points. This administration repeatedly says it will base its policies on sound science.

The PRESIDING OFFICER. The Senator has used 5 minutes.

Mr. OBAMA. Mr. President, I ask unanimous consent to proceed for 1 minute.

The PRESIDING OFFICER. The Senator is recognized for an additional minute.

Mr. OBAMA. I thank the Chair.

The science is overwhelming that climate change is occurring. There is no doubt this is taking place. The only question is what are we going to do about it.

The previous speaker, the fine Senator from Idaho, indicated that our economic growth might be hampered by dealing with this problem now. The fact is, when we look at similar strategies that were developed in passage of the Clean Air Act in the 1990s, it turned out that the costs were lower and the benefits higher than had been anticipated. Economic growth was not hampered; rather, innovation was encouraged and spurred in each of these industries.

The last point I wish to address is the point that was made that other countries may be polluting a lot more than we are. I think that is a legitimate concern, but it is impossible for us to encourage countries such as China and India to do the right thing if we, with a much higher standard of living and having already developed ourselves so we are the energy glutton of the world, are unwilling to make these modest steps to decrease the amount of emissions that affects the atmosphere overall.

If we the wealthy nations cannot do it, we cannot expect developing nations to do the same. That is why taking this important step with McCain-Feingold—is so important. That is why I

congratulate both Senator LIEBERMAN and Senator MCCAIN for taking this important step.

I urge all my colleagues to support this amendment. I yield the floor.

The PRESIDING OFFICER. The Senator from Connecticut.

Mr. LIEBERMAN. Mr. President, I thank my friend. I don't mind him calling it McCain-Feingold.

Mr. OBAMA. That passed.

Mr. LIEBERMAN. We are going to stick with this as long as Senator MCCAIN and Senator FEINGOLD have, which is to say, until it passes.

I thank the Senator from Illinois for a very eloquent statement.

Mr. President, I am very happy to see the Senator from Hawaii, Mr. AKAKA, is here. He has asked for up to 10 minutes.

The PRESIDING OFFICER. The Senator from Hawaii is recognized for up to 10 minutes.

Mr. AKAKA. Mr. President, I thank Senator LIEBERMAN.

Climate change is a topic that is very important to Hawaii, Pacific islands, and coastal States in general. I have served on the Senate Committee on Energy and Natural Resources since I joined the Senate in 1990. The committee has held hearings on global change almost every year since then, regardless of which party held the majority. It has become clear that an omnibus energy bill must address the production of carbon dioxide and methane, the two most prominent greenhouse gases, because 98 percent of carbon dioxide emissions are energy related.

For more than 20 years, the National Research Council, the International Panel on Climate Change, and Federal agencies, including the National Science Foundation, the National Oceanic and Atmospheric Administration, and the Department of Energy, have been investigating climate change to broaden the scope of our understanding of the interactions of the oceans and the atmosphere, and the modeling of terrestrial and coastal impacts of climate change. Fifteen years ago, scientists were uncertain about the effects of global warming. Today, nearly 95 percent of scientists say that global warming is a certainty.

Most recently, the national academies of science of 11 nations joined together in a joint science academies statement on the need for a global response to climate change. Among the prestigious scientific bodies signing the statement was our Nation's National Academy of Sciences, the Chinese and Russian Academy of Sciences, and the Science Council of Japan. The signatories urged all Nations to take prompt action to reduce the causes of climate change and ensure that the issue is included in all relevant national and international strategies.

I believe that the relatively small cost of taking action now is a much wiser course of action than forcing States and counties to bear the costs of severe hurricanes and typhoons, and replacement of bridges, roads, seawalls and port and harbor infrastructure. In my part of the world climate change will result in a phenomenon that strikes fear in the hearts of many island communities. This phenomenon is sea level rise. Sea level rise, storm surge, shoreline degradation, saltwater intrusion into wells, and increasing flooding will impose very high costs on island and coastal communities, but these costs, which are real and are happening already, are not being addressed.

I would like to describe some disturbing recent information that relates to sea level rise. Scientists at the 2004 Climate Variability and Predictability program, also known as CLIVAR, under the auspices of the World Climate Research Programme, have offered evidence that global warming could result in a melting of the Greenland Ice Sheet much more rapidly than expected.

The World Climate Research Programme is an international group of renown scientists that focuses on describing and understanding variability and change of the physical climate system on time scales from months to centuries and beyond. The research has important implications for islands and low-lying areas and communities worldwide, from Native communities in Alaska along the shores of the Bering Sea, to the Pacific nations of low-lying atolls, to the bayous of Louisiana and the delta regions in Bangladesh.

Using the latest satellite and paleoclimate data from ice cores of the Greenland Ice Sheet, the world's largest ice sheet, studies indicate that the last time the ice sheet melted entirely was when the temperature was only three degrees Celsius higher than it is today. At first this puzzled scientists because it didn't seem that such a modest temperature rise could melt so much ice.

However, recent expeditions have revealed large pools of standing water which feed enormous cracks in the ice sheet, over a mile deep. Scientists believe the water falls down the cracks all the way to the bottom of the ice sheet and could easily enable the glacier to slide more rapidly into the sea. They believe the ice sheet could break up at a much lower temperature than previously thought. Current projections for warming due to greenhouse gases indicate that our temperature could rise three degrees Celsius in less than 100 years, almost guaranteeing the melting of the Greenland Ice Sheet.

Complete melting of the ice sheet would result in a 6 meter, or about 18-foot, sea level rise, inundating many coastal cities and causing small islands to disappear. The effects are expected to be felt in high latitude regions earlier than others. In 2004, the Senate had field hearings in Alaska where Native villages are experiencing the effects of sea level rise. Continental ice sheets, or their disappearance, are driving sea level change. It is time to connect the dots with respect to global warming.

I am particularly concerned for islands in the Pacific. There are changes in our islands that can only be explained by global phenomena such as the buildup of carbon dioxide. Globally, sea level has increased 6 to 14 inches in the last century and it is likely to rise another 17 to 25 inches by 2100. This would be a 1- to 2-foot rise. You can imagine what this might mean to port operators, shoreline property owners, tourists and residents who use Hawaii's beautiful beaches, and to island nations and territories in the Pacific whose highest elevation is between three and 100 meters above sea level. A typhoon or hurricane would be devastating to communities on these islands, not to mention the low-lying coastal wetlands of the continental United States.

I am alarmed by changes in Hawaii. The sandy beaches of Oahu and Maui are eroding. In addition, we have lost a small atoll in the Northwestern Hawaiian Islands. The Northwestern Hawaiian Islands is an archipelago of atolls, shoals, and coral reefs that are a 2-day boat trip or 4-hour plane flight from Honolulu. They are known to be one of the most pristine atoll and coral reef ecosystems left in the world and are currently in protected status as a marine reserve.

Whale-Skate Island at French Frigate Shoals was an island with vegetation and thousands of seabirds nesting on it. It was a nesting area for sea turtles, and many Hawaiian Monk seals pupped there, according to a wildlife biologist who wrote her thesis on French Frigate Shoals.

Today, it is all water except for one-tenth of an acre. The 17 acres of habitat for Monk seal pups, nesting birds and turtles that has been there since the turn of the century, is virtually gone. Although atolls and shoals can lose their land area from seasonal storms and erosion, this one is almost entirely gone and has been ''downgraded'' from an island to a ''part-time sand spit.'' Similar fates face communities located on low-lying Pacific islands.

The residents of the Pacific island nation of Tuvalu are considering relocation from their homes. Rising sea level has turned their wells salty and filled their crop-growing agricultural areas with sea water. The impacts of even a relatively small sea level rise on Pacific nations and atolls, some with maximum elevations which are less than ten feet above sea level, can be severe. In the Pacific, cultural activities are interwoven with the conservation of the environment. These traditions in the past allowed the survival of dense populations on small land areas. Today, the global issue of climate change extends beyond our borders and threatens the livelihoods of these nations. Climate change is an important challenge and high priority for immediate action in the Pacific.

We must take a first, cautious step to stabilize greenhouse gas emissions

in the United States. If we fail to address the issue of climate change now, the U.S. may have to face catastrophic and expensive consequences. A relatively small investment today is far wiser than spending vast amounts in the future to replace destroyed homes and infrastructure, restore altered ecosystems, and reinvest in collapsed agricultural and fisheries industries. Scientists at the Massachusetts Institute of Technology conducted a study that analyzed the proposed costs of the Lieberman-McCain amendment and estimated the cost to be less than $20 per household per year. The Energy Information Administration, part of the Department of Energy, estimates the loss in consumption to be around $40 to $50 per household per year in 2010. The analysis also shows that the impact on real gross domestic product to be minimal, that is, not changing it from the baseline reference. The European Union EU has adopted a mandatory cap and trade program with a carbon dioxide reduction target of eight percent by the year 2012. The compliance costs of the EU greenhouse gas reduction program are expected to total less than 0.1 percent of its Gross Domestic Product. The EU predicts a minimal effect on their economic growth even under a rigorous approach.

The United States has the technological capabilities and intellectual resources to lead the world in an effort to reduce future greenhouse gas emissions. I thank Senators LIEBERMAN and MCCAIN for recognizing the importance of climate change and taking the lead on legislation to stabilize greenhouse gas emissions in the 108th Congress and this Congress. I also greatly respect the amendment developed by the ranking member of the Energy Committee, Senator BINGAMAN, in cooperation with the National Commission on Energy Policy. Both of these amendments demonstrate to the Nation and the international community our serious commitment to move on carbon emissions.

It is clear that piecemeal, voluntary approaches have failed to reduce the total amount of greenhouse gas emissions in the United States. Now is the time to send a strong message that the U.S. is serious about the impacts of climate change. A policy of inaction on climate change is not acceptable and will cost the United States more than preventive policies. I firmly believe that we can have economic growth while protecting coastal communities in the Pacific, Gulf of Mexico, Alaska, Louisiana, and other low-lying, vulnerable, coastal areas.

It is time to reduce carbon emissions. For the last 5 years, we have debated how to do it using market mechanisms, through trading systems that capture the value of allowances, credits, or permits, and generate revenue through auctions. Many industries have already accepted this challenge and most, including utility giant American Electric Power Company, according to a 2004 Business Week article, have seen cost savings and business benefits. The Pew Foundation for Global Climate Change reports that most industries have been able to meet their self-imposed goals through efficiencies alone, without requiring heavy capital investment. This is an opportunity to unleash the talent of businesses, engineers, and the Nation's entrepreneurial spirit to create efficiencies in fuel processing and to develop carbon-limited fuels.

The time to act on carbon dioxide is now. The McCain-Lieberman amendment is a step forward and a symbol of the Nation's commitment to the world to reduce our carbon emissions. The amendment uses markets to determine how to manage specific emission reductions, a positive combination of bipartisan policy principles to establish a mechanism that will benefit the nations around the world. I urge my colleagues to support this amendment.

The PRESIDING OFFICER. Who yields time?

Mr. INHOFE. Mr. President, I suggest the absence of a quorum.

The PRESIDING OFFICER. The clerk will call the roll.

The assistant legislative clerk proceeded to call the roll.

Mr. INHOFE. Mr. President, I ask unanimous consent that the order for the quorum call be rescinded.

The PRESIDING OFFICER. Without objection, it is so ordered.

Mr. INHOFE. Mr. President, in regard to the three times, first of all on McCain-Lieberman, how much time is remaining?

The PRESIDING OFFICER. The Senator from Oklahoma has approximately——

Mr. INHOFE. No, McCain-Lieberman.

The PRESIDING OFFICER. Senators MCCAIN and LIEBERMAN have approximately 21 minutes remaining. The Senator from Oklahoma has approximately 27½ minutes remaining, and the Senator from New Mexico has 18 minutes remaining.

Mr. INHOFE. Mr. President, on behalf of the Senator from New Mexico, I yield whatever time he may consume to the Senator from Kansas.

The PRESIDING OFFICER. The Senator from Kansas is recognized.

Mr. BROWNBACK. Mr. President, I thank my colleague from Oklahoma for yielding time off of Senator DOMENICI's allotted time.

I rise today to address the important topic of global climate change, the McCain-Lieberman amendment. I am a strong fan of both the sponsors of this bill. I believe them to be excellent legislators, wonderful individuals, outstanding Senators from both sides of the aisle. They represent this country in the greatest traditions of the democracy and this body. These are outstanding individuals.

I have wrestled a long time with the issue of global climate change. I call it a problem because I believe it to be so. I believe global climate change is occurring. Furthermore, I believe this occurrence can be traced, in some part at least, to man's increased emissions of carbon into our atmosphere.

Some believe carbon to be a pollutant. However, I do not believe this to be the case. Carbon is a naturally occurring element in our atmosphere. It is essential to our survival as human beings. Carbon is a greenhouse gas. Yet, the greenhouse effect is also critical in certain aspects for our survival as well. Without the warming effect provided by carbon and other greenhouse gases, the primary being water vapor, we would freeze. So it is important. We clearly need greenhouse gases in our atmosphere. Yet, on the question of carbon loading in our atmosphere, we must ask how much is too much.

With respect to global climate change, I think we must be persistent, temperate, and wise. We must pay close attention to what the science is telling us. Our actions, which will have real consequences with both the climate and our economy, must be based on data and not on rhetoric.

As I stated at the outset, I admire Senators MCCAIN and LIEBERMAN for their persistence in the pursuit of their legislative action on climate change, addressing a real issue in a serious manner. They both have done an outstanding job in shaping the climate change debate thus far. However, I do respectfully disagree with my colleagues that we are at the point in this debate at which we ought to be enacting cap-and-trade regulatory regimes offered in their amendment.

In fact, in taking a look at some of our friends around the world who have implemented a mandatory cap-and-trade system, I believe that the facts show that this approach has not worked in those countries. This regulatory restrictive approach has not worked. There is another method, another way, for us to approach this.

Canada, for instance, which has enacted the Kyoto treaty cap and trade, projects it will exceed its Kyoto commitments by well over 50 percent. Japan, the ''home of Kyoto,'' has projected it will exceed its Kyoto commitments by 34 percent. Our friends in the EU are projecting they will miss its collective Kyoto commitment by 7.4 percent. Many other projections coming from places other than Brussels have the EU doing even worse. In fact, only two European Union countries, the United Kingdom and Sweden, are on track to meet their 2010 targets.

Germany, despite its head start on shutting down some of the industrial base actually of East Germany after reunification, is not projected to meet its burden-sharing target. In Sweden, they have switched to nuclear production and away from traditional sources of power like coal. I believe nuclear power needs to play a greater role in our own power generation, and I think it will lead clearly to reductions in greenhouse gas emissions.

I respect Sweden for their adoption of nuclear power, and it is my hope the

United States will see fit to follow suit, as it fits, in this country.

The United Kingdom is meeting its target by three fundamental shifts in their economy, two of which I do not believe to be helpful. First, they are burning less coal and more natural gas due to large stockpiles of natural gas. This is actually as a result of Prime Minister Thatcher's desire to break some of the unions organized around coal in the 1980s. This accounts for about one-third of their reduction. I wish we had the natural gas base that they do. We have some. We have some in my State. It looks as if we will be able to bring in more liquefied natural gas. That will help. But that model does not particularly fit within the United States.

The second place in which the United Kingdom has reduced its carbon emissions is by losing manufacturing and industry jobs to developing countries such as China and India. That is not a model that we want to follow. The United Kingdom may get credit for reducing emissions, but it goes to developing countries like China and India that in many cases are using outdated technology, and therefore producing more total emissions than if these jobs had stayed in the United Kingdom. We want these jobs to stay in the United States, not move out of country. Plus, the countries of China and India are emitting more pollutants, such as sulfur and nitrogen, into the atmosphere as well.

It is clear that while the United Kingdom can claim reductions due to this shift, the atmosphere is in fact worse off with this kind of shift. This is obviously not a way the United States should seek to reduce our greenhouse gas emissions.

Finally, the United Kingdom has reduced their emissions through advanced technologies and is producing energy more efficiently. That is clearly a preferable way for us to move forward in reducing greenhouse gas emissions. That is why I supported the Hagel amendment. I believe it is a positive step in that direction. I want to commend my colleague from Nebraska for offering a voluntary approach, providing incentives for new greenhouse gas-reducing technologies and technology transfer that would help our friends in developing regions of the world such as China and India. This technology transfer would happen through demonstration projects in developing countries, export initiatives, also establishing a climate credit board. I think these sort of voluntary approaches of us working here and technology transfer around the world are a key way to actually get these greenhouse gas emissions down, not a heavy regulatory regime.

There are also things I think we should do that would have a positive effect on our net national carbon emissions, that I do believe are having an impact on the overall global climate change. I think we can do these net national carbon emission reductions that will have a positive environmental benefit and which can have also a positive effect on our economy, not a negative effect, as a regulatory regime. I am referring to projects like carbon sequestration and soil conservation practices. These are projects that not only extract carbon out of the atmosphere but have the more immediate and tangible benefits of improving water quality and preserving wildlife habitat. We have seen this taking place in my home State.

Carbon sequestration—or the process of transforming carbon dioxide in the atmosphere to carbon stored in trees and soils—is a largely untapped resource that can buy us one of the things we need most in the debate over global warming, and that is time and accomplishment at the same time.

The Department of Energy estimates that over the next 50 to 100 years, agricultural lands alone could have the potential to remove anywhere from 40 to 80 billion metric tons of carbon from the atmosphere. If we expand this to include forests, the number will be far greater, indicating there is a real difference that could be made by encouraging a carbon sink, a carbon sequestration, type of approach.

This alone cannot solve our climate change dilemma, but as we search for technological advancements that will allow us to create energy with less pollution, as we continue to research the cause and potential effects in climate change, it only makes sense that we enhance a natural process we already know has the benefit of reducing existing concentrations of greenhouse gases, particularly when this process also improves water quality, soil fertility, and wildlife habitat.

As I say, this is a ''no regrets'' policy, similar to taking out insurance on one's house or car. We should do no less to protect the planet.

Another way in which we can help reduce the amount of carbon emitted into our atmosphere, while helping our environment, is through the increased uses of renewable energy, namely biomass converted into electricity. I believe this could revolutionize the energy sector and greatly help a number of places around our country.

Energy can be created from biomass by using many agricultural waste products such as wheatstalk, wood chips or even livestock manure. It also harvests grassland that is currently in the Conservation Reserve Program or other conservation reserve programs for biomass production. Not only does this provide a clean source of energy, it also creates a new market for many of our agricultural producers.

Another renewable source of energy comes from wind development. I am a fan of wind development. I believe it to have great potential in producing clean energy that will help the United States with our energy independence. However, I also believe our environmentally sensitive areas and environmental treasures should be protected from wind development. That is why I am also pleased to support my colleagues, Senator ALEXANDER and Senator WARNER, on their environmentally responsible Wind Power Act of 2005. In my home State of Kansas, we are blessed to have a large portion of the last remaining tall grass prairie in the Nation. The Flint Hills of Kansas have virtually been untouched and unplowed by man. It would be a shame to wreck these treasures for future generations simply as a way of putting wind turbines on them.

I am in favor of wind development. However, we must be wise not to harm our environmentally sensitive areas or unique environmental treasures.

Because of my belief in the future potential of energy production from biomass and wind development, I supported Senator BINGAMAN's renewable portfolio standard amendment that passed the Senate last week. Not only will our Nation benefit from cleaner energy that is produced at home, but my home State will as well and will lead the way.

Finally, I believe we, as a Nation, need to invest more in nuclear energy. I commend both Chairman DOMENICI and Ranking Member BINGAMAN for their hard work on this bipartisan Energy bill that includes many strong provisions for expanding our Nation's nuclear power industry. I heard my distinguished colleague from Tennessee, Senator ALEXANDER, mention that nuclear power represents 20 percent of our total power, yet accounts for 70 percent of our carbon-free power.

Clearly, more needs to be done in diversifying our energy sources, and I believe this Energy bill is a step in the right direction. I do commend my colleagues, Senator MCCAIN and Senator LIEBERMAN, for adding a robust nuclear section in their climate change bill. This obviously may have upset some, but it is the right step. I believe we could go even so far as to say that this move may have had dangerous political consequences for their bill, but I believe it is the right step for us to move forward.

As I stated at the outset when I entered into this debate, I believe we are seeing global climate change. I do believe that consequences of man's actions are here. I believe, though, we have a series of options that are more likely to produce the results we need than a heavy regulatory approach. While I appreciate the McCain-Lieberman approach, I think this other route is a better way to go.

I yield the floor.

The PRESIDING OFFICER. Who yields time?

The Senator from Oklahoma.

Mr. INHOFE. First, I thank the Senator from Kansas for his excellent remarks. I think the Senator from Tennessee had a response or a couple of minutes, that he wanted to respond to something that was said; is that correct?

Mr. ALEXANDER. That is correct. I thank the Senator from Oklahoma.

The PRESIDING OFFICER. Does the Senator from Oklahoma yield time?

Mr. INHOFE. I yield 2 minutes to the Senator from Tennessee.

The PRESIDING OFFICER. The Senator from Tennessee is recognized for 2 minutes.

Mr. ALEXANDER. Mr. President, I applaud the remarks of the Senator from Kansas and his focus on the clean energy aspects of the Domenici-Bingaman bill, which is making significant progress in producing low-carbon and carbon-free energy, transforming the way we produce electricity.

I also appreciate his cosponsorship of the environmentally responsible wind power amendment. Kansas, of course, has a lot of wind. There may be many places where people want it to be, but there are some places in the United States where we do not need to put gigantic towers between us and our children and our grandchildren; for example, the Statue of Liberty, and the Great Smoky Mountain Park, and Yosemite Park.

This legislation is a very limited amendment that would deny Federal subsidies for that area, give communities 6 months' notice before they are to be built there but otherwise would not interfere with private property rights, prohibit the building of any wind project, affect any project now underway, and would not give the Federal Energy Regulatory Commission any new power.

I hope it is the kind of amendment all Senators can easily support. Whether they are strong supporters of wind power or have reservations about wind power, at least we do not want to see gigantic towers in the buffer zones between our national treasures, the highly scenic areas, and ourselves and our children and grandchildren.

I thank the Senator from Kansas for his support.

The PRESIDING OFFICER. The Senator from Oklahoma.

Mr. INHOFE. Mr. President, it is my understanding that the Senator from New Mexico, Mr. DOMENICI, is on his way to use his remaining time. While he is doing that, I will comment that the statements that have been made are excellent. We have agreed we will use the remainder of our time. I will use about 10 minutes, whatever time I have, and they will have the last 10 minutes. However, they are not in the Senate right now. We should serve notice we want the concluding remarks as soon as the Senator from New Mexico completes his remarks.

There are a couple of things of interest. For one thing, it is interesting when we hear about the science. I will have a chance in a minute to talk about the science and how flawed the science is. Look at the Oregon petition. Over 17,000 scientists signed a petition. I will read one paragraph from that petition:

> There is no convincing scientific evidence that human release of carbon dioxide or methane or other greenhouse gasses is causing, or will, in the foreseeable future, cause catastrophic heating of the Earth's atmosphere and disruption of the Earth's climate. Moreover, there is considerable scientific evidence that increases in atmospheric carbon dioxide produce many beneficial effects upon the natural plant and animal environments of the Earth.

It is important that we realize $CO_2$ is not a pollutant. $CO_2$ is, in fact, a fertilizer. $CO_2$ is needed. $CO_2$-enhanced earth grows crops better than it does in the absence of that.

The PRESIDING OFFICER (Mr. MARTINEZ). The Senator from New Mexico controls 6 minutes.

Mr. INHOFE. The Senator can have more.

Mr. DOMENICI. Mr. President, I hope I can say what I want to say in 6 minutes. If not, I will ask the Senator for a couple more minutes.

I note Senator BINGAMAN is in the Senate. About a week ago, 6 days ago, there was a comment that Senator BINGAMAN had a proposal that would move in the direction of mandatory cleanup for carbon. I was intrigued by the group that made the study and suggested a way to do it. They had testified before a committee hearing in the Energy and Natural Resources Committee. We were intrigued when they talked about their idea. Senator BINGAMAN had taken it upon himself to put those preliminaries into the format of a bill.

It was said, and I was quite surprised at how much notoriety ensued, that I might be joining my New Mexico partner in this proposal. And that was true, I was considering. And, in fact, we did consider it.

The Senate should know, at least from this Senator's standpoint, what I found out. I found out it is very easy to say we ought to have some mandatory reductions. It is very easy to say what percent reduction there should be. As a matter of fact, the proposal we were looking at sounded rather achievable. Certainly, when compared with the Kyoto accords and when compared with the McCain-Lieberman proposals, quantitatively in many areas—effect on growth, what it will do to the use of coal, how many jobs might it cause, what will it do from the standpoint of real reduction in carbon—compare the NCEP, which was the group that put this study together that Senator BINGAMAN brought to the surface that I just said I was considering, when compared with McCain and Kyoto, the effect on GDP loss used in the same consistent way, and using the same way the President has been talking about it, impact on units of growth, the effect was—get this—0.02. The effect of Kyoto was 0.36. That is a huge difference because one is two-tenths of a percent and the other is 3.6 percent. That was the impact.

That attracted my attention because it seemed to me if we were going to start this process, we ought to start at something achievable. We had pretty good evidence it would not have any great big effect on the economy.

All the others are similar, emphasizing that the very notorious Kyoto agreement was, on every single one, at the very extreme other end compared to the high end, compared to the NCEP. I regret to say, other than to report the facts I know, McCain-Lieberman was not in the middle of the two but very much toward the very high end Kyoto reductions.

I had come to the conclusion we ought to look at the NCEP. This is my first time to say in the Senate why I cannot do it. I hope those who are so excited about mandatory impositions will look carefully at what I found and what—although I do not want to speak for him—I think Senator BINGAMAN found.

To go from the generation that we will reduce in a mandatory manner the carbon emissions, the 2.4 percent—the McCain-Lieberman is much bigger—this was going to start 8 years from now. I said maybe we should start it 10 years from now. But the next thing was how to implement it. How do you allocate the winners and the losers? Under that approach someone has to ratchet down more, somebody has to ratchet down less, somebody has to ratchet down none, and somebody has to get credit because they are so good. And some have to pay penalties because they are not so good.

I don't think you can change that mix no matter what you call the bill. I think McCain-Lieberman finds an American environment with utility companies—some of which have to reduce a lot, some of which do not have to reduce any, some of which are so good they have to get compensated for being so good—so that when we add it up, you get reduction across the Nation.

There is another way, and that is to say you cut down an even amount across the board. I guarantee if we have an even cut across the board, everybody gets cut 2.4, or maybe under McCain-Lieberman you get cut 5 or 6, nobody can live with that because then there is no benefit from having very clean utility companies. What if you had all nuclear powerplants and there was no carbon; would you still have to reduce whatever the amount is?

The reason, I said to my friend, Senator BINGAMAN, there is not enough time to implement a plan under the NCEP proposal is because we do not know how to draft a set of rules that will carry out our process that would be fair and that would achieve the goal. When we looked at possibilities, it was in my way of thinking impossible in 3, 4, or 5 days to write such a proposal.

Senator BINGAMAN might have suggested—and he still may sometime if we cannot finish it out—that we do it differently. We assign somebody the job of doing that detail. That could have been an approach. But it was not what we were talking about. We were trying to write it in.

I submit to the Senate I do not see how there can be a mandatory reduction program that does not have a very

detailed approach to who gets allocated what—who wins, who loses, who reduces, and who gets compensated because they already reduced. And all of that across an American universe of production facilities that goes from all of the nuclear powerplants. Maybe all the nuclear powerplants are old, but they are very clean. Then we have very old powerplants, still in production, but they are very dirty in terms of carbon.

How we go about doing that in statute without causing extreme, hard unfairness, inequities, is beyond me.

Having said that, the Kyoto agreement still is being bantered around as if it is viable.

I will ask unanimous consent to have printed a chart showing how big the reductions would be compared with the Lieberman-McCain and how big they would be compared to the NCEP. People ought to look at that. Kyoto is unachievable. We still keep talking about it. It is a pipe dream.

When you look at the numbers and what has to be done, we can understand why the Senate voted 95 to 0 that we would never approve a treaty under Kyoto. They blamed the President, but we said that in this Senate. Nobody here voted to implement Kyoto. I will tell you why. When you look at what you have to do compared to any other program, including the McCain program, but including the one that Senator BINGAMAN and I were going to do which we could not find a way to allocate the winners and losers, you will understand this is a tough job. I don't think we should do that, whether we call it Kyoto, whether we call it McCain. We should not do anything that risky and that uncertain unless there is somebody magical that has a way of putting this formula together—who wins, who loses, who gets money, who cuts, et cetera.

I ask unanimous consent the chart be printed in the RECORD at the end of my remarks.

There being no objection, the material was ordered to be printed in the RECORD, as follows:

Compared to the Kyoto Protocol, the NCEP emissions trading program has a fraction of the impact on the energy sector and economy based on EIA analyses of each policy.

Results in 2020

(NCEP values are averages of 2015 and 2025)

| | NCEP | McCain-L. | Kyoto (+9%) |
|---|---|---|---|
| GHG emissions (% domestic reduction) | 5.4 | 17.8 | 23.9 |
| GHG emissions (tons $CO_2$ reduced) | 452 | 1346 | 1690 |
| Allowance price ($/ton $CO_2$) | 7.5 | 35.0 | 43.3 |
| Coal use (% change from forecast) | −5.7 | −37.4 | −72.1 |
| Coal use (% change from 2003) | 16.3 | −23.2 | −68.9 |
| Natural gas use (% change from forecast) | 0.8 | 4.6 | 10.3 |
| Electricity price (% change from forecast) | 3.5 | 19.4 | 44.6 |
| Potential GDP (% loss) | 0.02 | 0.13 | 0.36 |

Mr. LIEBERMAN. I wonder if the Senator would allow me a moment to respond to something Senator DOMENICI said?

Mr. MCCAIN. I yield.

Mr. LIEBERMAN. Senator DOMENICI raised a very important point and I want to engage on it. That is the question of how the allocations are set under the McCain-Lieberman proposal.

Let's say, first, we feel strongly unless you have a cap, unless you have some limit, goal, for how you will reduce your greenhouse gas emissions, it is a phony. It does not work. We tried that in the 1990s and it did not work. That is why we need a cap and we have a market-based system.

In our proposal it says you allocate emissions credits based on the amount of emissions in 2000 because that is the goal we want to get back to, and then you give the EPA Administrator the opportunity to make adjustments based on economic impact—maybe it is too hard for a particular industry or sector to do that.

I hope we can engage the Senator from New Mexico—he is a leader here—as we go forward. When it came to the acid rain provisions on which this is based, when it finally came to a bill, Members of the Senate and the Congress pretty much stated what the allocations were going to be. They did not leave much room for administrative judgment by the EPA Administrator.

To my friend from New Mexico, if this really matters to you, as I know it does, in the months ahead I will try to do exactly the same thing.

I thank my friend from Arizona and I yield the floor.

The PRESIDING OFFICER. The Senator from Arizona.

Mr. MCCAIN. Could I have the time situation?

The PRESIDING OFFICER. The Senator has 19½ minutes.

Mr. MCCAIN. And the other side?

The PRESIDING OFFICER. The Senator from Oklahoma has 20 minutes.

Mr. MCCAIN. Mr. President, I will be very brief because we worked it out that we would end up, which is appropriate because I am with the sponsor of the amendment.

I say to the Senator from New Mexico, who has talked about winners and losers, I will tell you who will lose, and that is the next generation of Americans because every reliable scientific body in the world knows climate change is real.

It is happening. And it may not bother the Senator from New Mexico and me at our age, but I will tell you, it bothers the heck out of young Americans, and it bothers the heck out of people who are experts on this issue.

If the Senator from New Mexico is worried about winners and losers, and he and I are winners, the next generation of people all over the world are losers because the National Academy of Sciences' statement is very clear:

There will always be uncertainty in understanding a system as complex as the world's climate, however there is now strong evidence that significant global warming is occurring.

I will tell you another loser, and that is the truth—that is the truth. The truth is, I say to the Senator from New Mexico, the European countries are meeting Kyoto emissions targets. They are meeting them. The truth is, Tony Blair has no political agenda. Tony Blair, the Prime Minister of England, recognizes that global climate change is real. It is taking place, and we have to do something about it.

To say that by us not allocating winners and losers is a reason not to act on this compelling issue of the future of our globe, when the evidence is now compelling and overwhelming, with the exception of a group I will cite before I finish who are now funded by industry, then the Senator and those who have debunked this and continue to debunk it are going to have somebody to answer to in not too many years from now.

Mr. President, I reserve the remainder of my time.

The PRESIDING OFFICER. The Senator from New Mexico.

Mr. DOMENICI. Mr. President, I ask unanimous consent that I have 2 minutes to answer the Senator from Arizona.

Mr. MCCAIN. Only if it is out of the Senator's time.

Mr. DOMENICI. Well, I had 30 minutes a while ago. Did we use it all up?

Mr. INHOFE. Yes, it is my understanding the Senator did use up all of his time.

Mr. President, I ask the Senator if he could use 1 minute.

Mr. MCCAIN. I do not object to the Senator having an additional 2 minutes.

Mr. INHOFE. All right.

The PRESIDING OFFICER. The Senator from New Mexico.

Mr. DOMENICI. Mr. President, I do not mind the Senator from Arizona saying whatever he likes on the floor. I do not mind him getting red in the face and pointing at me and talking to me like I don't know what I am talking about. But he did not listen. I did not say global warming is not a problem. He might be talking about somebody else. I did say it was. Instead of saying what he said, he should have said: I am glad Senator DOMENICI is finally recognizing there is a problem.

To recognize there is a problem does not mean that his way of solving it is the only solution. In fact, I am telling the Senate what he is suggesting will not work. That is all I am saying. I have the right to do that, and it does not have to be said that I am going to hurt the young generation. I am not hurting the younger generation.

The reason this amendment cannot pass is because it cannot be implemented. It is that simple. Nobody knows how to do that because nobody knows the results. You could just as well introduce a bill and say: I want to do twice as much as Senator MCCAIN. And that would be wonderful. You could then say: I am really for the young people. I am doing twice as much.

The problem is, you do not know how to do it. You cannot do it. And everybody who has looked at it, except those

who want to set a goal, know that is not so. That is why it will lose.

I thank the Senator for yielding me 2 minutes.

The PRESIDING OFFICER. The Senator from Arizona.

Mr. MCCAIN. Mr. President, saying that it cannot be done, the Europeans are doing it with far less stringent measures to be taken than what we have.

I reserve the remainder of my time.

The PRESIDING OFFICER. The Senator from Oklahoma.

Mr. INHOFE. Mr. President, it is my understanding that I have 20 minutes and that the Senator from New Mexico and the Senator from Connecticut will close the debate.

Let me, first of all, say—well, this is a good chart. I was not going to use this one, but this shows what the Senator just observed. I do not believe it is totally accurate because the only reduction that has come in $CO_2$ from all of the member nations of the EU has come from Germany and the United Kingdom. If you look at all the rest of them, they all have exceeded the amount of their goals.

Then, more recently—this just came out 2 days ago—this is a release from the EU, greenhouse gas emissions up to 2003. It was just released. It says: Between 2002 and 2003, EU–25 emissions increased by 1.5 percent. That means that has taken up all the reductions from the previous year, 2002.

In the time I have, I am going to try to cover a lot of things. When debate is closed, they will get the last word. But I only ask the indulgence of my fellow Members to realize that there is a lot of hysteria out here. The hysteria out here is not well founded.

I am old enough to remember the hysteria back 20 years ago or so. This was on the cover of Time magazine, talking about another ice age coming. It said: However widely the weather varies from place to place and time to time, when meteorologists take an average of temperatures around the globe, they find that the atmosphere has been growing gradually cooler for the past three decades. The trend shows no indication of reversing.

So everyone was hysterical. The same people who are now talking about global warming were talking about another ice age coming.

Now, just one by one, let's, first of all, take the study that started this whole thing in 1998 that was by Michael Mann. It is very important that we look at this. This was the famous ''hockey stick.'' If you look at the blue line, that supposedly goes from the years 1000 to the 20th century. It is just a horizontal line. And then, all of a sudden, it starts shooting up; and that is the blade of the hockey stick.

Now, what he has failed to put on this chart is that if you will take the actual temperatures from 1400 to 2000—that is shown with the black line—they are relatively even.

But then, as shown by the next chart, which was in yesterday's Wall Street Journal, when you throw in the fact that we had the medieval warming period, it shows it was actually warmer in that period of time. The medieval warming period was about from 1000 A.D. to 1350 A.D.

Temperatures were warmer then than they have been in the 20th century. It just shows that theory has been refuted by many people in that it really is not accurate and should not be used.

Next, on climate models: Climate models are very difficult. People use them freely around here. Those who are listening and, hopefully, those who might be looking at the logic of this will not buy this idea.

The National Academy of Sciences said:

> Climate models are imperfect.

Peter Stone, the climate modeler from MIT, said:

> The major [climate prediction] uncertainties have not been reduced at all.

The uncertainties are large.

The George C. Marshall Institute:

> The inputs needed to project climate for the next 100 years, as is typically attempted, are unknowable.

Further, a professer from MIT: The way current models handle factors such as clouds and water vapor is disturbingly arbitrary. In many instances the underlying physics is simply not known.

I think we have to understand if all of this is predicated on climate charts, climate charts are not perfect.

The Oregon petition—I covered this many times. People say: Inhofe is going to come up with some scientists who might refute this. For someone to say that the science is settled, for someone to say there is a consensus in terms of the science, when you look at the Oregon petition, which had 17,800 scientists, they stated, as is on the chart behind me:

> There is no convincing scientific evidence that human release of carbon dioxide, methane, or other greenhouse gasses is causing, or will cause in the foreseeable future, catastrophic heating of the Earth's atmosphere and disruption of the Earth's climate. Moreover, there is substantial scientific evidence that increases in atmospheric carbon dioxide produce many beneficial effects upon the natural planet and animal environments of the Earth.

Recognizing, as we said before, that $CO_2$ is not a pollutant; $CO_2$ is a fertilizer.

I would, lastly, quote James Schlesinger, who was the Energy Secretary under President Carter. He said: There is an idea among the public that the science is settled. That remains far from the truth.

So it is not a matter of Republicans or Democrats. These are the experts saying that the science is not there. Now, we could go—and I will come back to this subject with the time we have—but I would like to start off with the assertion that Kilimanjaro—I happen to have flown over Kilimanjaro twice in the last week. I looked down and saw that there is a change that has taken place.

If you look at this picture from 1976, there was very little ice on there. In 1983 there was a lot more. In 1997, there was considerably less. But the Center for Science and Public Policy summarized the Kaiser study and said: The ice fields on Mount Kilimanjaro started melting in response to a climate shift that occurred near the end of the 19th century, well before any alteration in the Earth's greenhouse effect. That reduced the amount of moisture in the air in the vicinity of the mountain. Manmade global warming has nothing to do with it. I repeat, nothing to do with it. Yet we hear it over and over again. And I am sure we will hear it in the closing remarks.

In terms of glaciers and icecaps and research that has been done—this was in the Journal of Climate—research done by Holloway and Sou in 2002 revealed that claims of thinning arctic ice came from submarine measurements of only one part of the Arctic Ocean. Additionally, decadal changes and scaled wind patterns rearranged the ice, giving some regions thinner and others thicker amounts of ice.

Well, it is easy to find one area where the ice is thinner than it was, but, on the other hand, it is actually thicker.

It goes on to say in the Journal of Glaciology: For the mass balance of glacier measures, the gain and loss of ice, there are only 200 glaciers of the total 160,000 glaciers for which mass balance data exists over a single year.

So the data is not there on that argument.

They talk about hurricanes, the fact that hurricanes are coming, and somehow this has something to do with global warming.

Well, if you look at this chart, it talks about the hurricanes dating back to 1900, and each decade since then up to 2000. You can see, yes, it did peak out around 1940. And then it has been going down ever since, and considerably lower than that peak was.

According to Dr. Christopher Landsea, who is considered to be the foremost expert on hurricanes, he says: Hurricanes are going to continue to hit the United States in the Atlantic and gulf coast areas. And the damage will probably be more expansive than in the past. But this is due to natural climate cycles which cause hurricanes to be stronger and more frequent and the rising property prices of the coast, not because any effect $CO_2$ emissions have on weather patterns.

He says: Contrary to the beliefs of environmentalists, reducing $CO_2$ emissions will not lessen the impact of hurricanes.

So, in fact, it is just not true. You hear it over and over again, but it is just not true. You hear about the sea rising: The sea is rising. Things are disappearing. In fact, the famous island, Tuvalu Island, was supposedly going to be falling into the ocean and be covered up. According to John Daly—he is

considered to be an expert—well, let's use the 2004 Global Planetary Change: There is a total absence of any recent acceleration in sea level rises as often claimed by IPCC and related groups.

It is not rising, folks. It is just not happening. The other says: The historic record from 1978 to 1999 indicates a sea level rise of 0.07 millimeters per year, where the IPCC claim of 1 to 2.5 millimeters a year sea level rise as a whole indicated the IPCC claims it based on faulty modeling.

The National Title Facility, based in Adelaide, Australia, has dismissed the Tuvalu claims as unfounded. In other words, the sea level is not rising. You can say it is rising and stand down here and yell and scream about it, but it is not. The science shows clearly it is not rising. The Arctic Climate Impact Assessment report has been referred to several times. If you look at the temperatures between 1934 and the currently—this chart goes to 2003—you see they were considerably warmer back during 1934.

Let's now go to the economic impacts. This is probably one of the things that really should be considered more than anything else at this point because people think if there isn't going to be any great economic impact, why shouldn't we go ahead and do it. I am using here not S. 139, the bill we discussed in October of 2003, because this one is a little bit less than that. It is a little more modest. Enacting the McCain-Lieberman bill would cost, according to Charles River Associates, the U.S. economy $507 billion in 2020, $545 billion in 2025. Implementing Kyoto would cost the U.S. economy $305 billion in 2010, $243 billion in 2020. Under Kyoto, for the average family of four in America, it would cost them $2,700 a year. This bill will only cost them $2,000 a year. So maybe that isn't quite as bad as it would have been otherwise.

The bottom line: It is very expensive. And that is not just Senator INHOFE talking. We are quoting CRA, which is the recognized authority, like the Horton Econometric Survey that talked about how it will affect the rising cost of energy, electricity, gasoline, how much it costs a family of four. It would be very detrimental to our country.

In terms of jobs, enacting the McCain-Lieberman amendment would mean a loss of 800,040 jobs in 2010 and 1.306 million jobs in 2020. This is down a little bit from the full-blown Kyoto, but 1.3 million jobs is significant.

In terms of energy prices, McCain-Lieberman would increase energy prices in 2020 by 28 percent for gasoline, 20 percent for electricity, 47 percent for natural gas, and much more for coal.

Just a few minutes ago, the Senator from Arizona talked about the National Academy of Sciences. What he was referring to is a press statement. It was not a report. Their last report states as follows:

There is considerable uncertainty in current understanding of how the climate system varies naturally and reacts to emissions of greenhouse gases and aerosols. A casual linkage between the buildup of greenhouse gases and the observed climate change in the 20th century cannot be unequivocally established. The IPC Summary for Policymakers could give an impression that the science of global warming is settled, even though many uncertainties still remain.

So much for the National Academy of Sciences.

I think there are two charts that are very significant. First of all, let's just assume for a minute that everything they say about the necessity for carbon caps, everything they say about signing on to the Kyoto treaty, that all of that is true. If all that is true, this chart is probably the most significant chart we have. This chart shows that if it is true, if you look at the black line, that is what would happen with Kyoto. Without Kyoto, look at the blue line. It is so little difference that it is not measurable. In other words, by the year 2050, the change would be something like 0.06 degrees centigrade, which is a change in surface temperature too small to even be detected in global averaging.

This is back when the Bingaman amendment would have been here, so you can ignore that since apparently that is not coming up.

If nothing is done right now, if you project a temperature rise, it would be 1.71 degrees Fahrenheit, if there is no action taken at all. If you go McCain-Lieberman, it would be 1.61 Fahrenheit. Between those two, it is not even a noticeable difference.

I am hoping we will have an opportunity for people to see the truth and people to see what the real science is, see the real economic impact.

There are a couple things that are incontrovertible. First, we know the economic impact is great. They might argue a little bit that we have taken the economic impact in terms of the Horton Econometric Survey, according to CRA, and they are astronomic. I mentioned what they would be under the McCain-Lieberman bill. But if you say that there is certainly questionable science behind it, and yet there is a huge economic impact, then what would be the motivation?

Why is Europe so excited and so anxious for us to join their dilemma, in spite of the fact that they have increased their CO2 emissions since the time they signed on to the treaty? The answer is found in two individuals. One is Margot Wallstrom. Margot Wallstrom is the European Union Environmental Commissioner. I don't think they knew that these were being reported at the time. Now it is documented that these statements were made. Kyoto really isn't about climate change. Kyoto is about ''the economy, about leveling the playing field for big businesses worldwide.'' That is Margot Wallstrom, EU Environmental Commissioner.

Some Senators favor Frenchmen. Jacques Chirac said Kyoto represents ''the first component of an authentic global governance.'' Certainly there is a motivation overseas for us to be involved in this thing.

I would like to also mention that there is a lot of polling data. But the most recent polling data was 3 days ago. It was an ABC poll. In that, most people do believe that global warming is underway. They have been convinced of that because we have a very liberal media that wants people to believe that. We have people who want to think the world is falling apart.

However, in asking the question, Do you favor Government action, 38 percent said yes; 58 percent of the people said no. It seems to me that in spite of all the misinformation that is floating around, the truth is getting out.

Let me wind up by reminding everyone that we do have pollution problems. They are not with global warming. They are not with $CO_2$, methane gases, anthropogenic gases, but with SOx, NOx, and mercury. President Bush has caused us to introduce the greatest reduction in SOx, NOx, and mercury in the history of this country, more so than any of the preceding Presidents. It is a 70-percent mandated reduction, a reduction that would really do something about pollution. I believe we should be talking about really reducing pollution, not about trying to create science, to somehow fabricate science to make people believe that, No. 1, temperatures are rising; and, No. 2, it is due to manmade gases. The science does not support that.

I thank the Chair.

Mr. TALENT. Mr. President, I rise to voice my opposition to amendment No. 826, the McCain-Lieberman climate change amendment.

As we debate whether to adopt some form of carbon cap, I am reminded of the dire warnings regarding energy we see every day in the news:

Oil prices soared past $59 a barrel on Monday even as the president of OPEC said the group will consider raising its production target by half a million barrels as early as this week.

The Wall Street Journal reported on June 8 that high energy prices are the leading cause of a world-wide slowing in manufacturing growth. A survey of chief financial officers, conducted by Duke University and CFO Magazine, found that 87 percent of U.S. manufacturers said they were facing pricing pressures as a result of high energy and raw material costs.

Farmers have decried the high cost of oil and natural gas, fearing it may drive them out of business. Farmers use diesel to run their tractors and other equipment, natural gas to produce fertilizer, and gasoline to get their crops to market. And yet, the price of gasoline has doubled in the last 3 years, and natural gas by 66 percent over the same time period. An AP story of May 13 states that this means farmers will spend an additional $3 billion in energy costs, a 10-percent increase in overall costs.

Nationwide, farmers paid $6 billion more for energy in 2003 and 2004, in part

because higher natural gas costs have pushed the average retail cost of nitrogen fertilizer from $100 per ton to more than $350 per ton.

Consumption of natural gas is exceeding production at an increasing rate. Residential, commercial and industrial consumers have paid over $130 billion more for natural gas than they did 2 years ago, an 86 percent increase.

Despite oil prices of nearly $60 per barrel, continued growth in oil consumption could spur still-higher prices and further damp economic growth. Gasoline and diesel use continues to rise strongly in the U.S., the largest oil consumer by far, despite high prices and a slowing economy. China is now the world's No. 2 oil user, and it continues to burn more fossil fuel to power its domestic economy and meet rising demand for its goods. Economists say energy prices are reemerging as a prime constraint on the world's growth potential, and they have trimmed their projections of economic growth by a quarter point as a result.

China faces a coal shortage by 2010, according to a May 25 AP story. China will consume 2.2 billion tons of coal by 2010, 330 millions of tons per year less than they produce today. By 2020, China will consume 3.1 billion barrels of crude oil and 7 trillion cubic feet of natural gas a year, with half of the oil imported.

What does this mean? Greater demand for energy means higher prices, higher even than those we are facing and trying to reduce today. As I have already stated, high energy prices have a direct and negative impact on economic growth. As world demand for energy grows and prices rise, manufacturers face higher costs. They have a harder time meeting payroll, and people lose their jobs.

Senator MCCAIN states that his plan to eliminate greenhouse gas emissions is ''affordable and doable.'' However, McCain-Lieberman will undoubtedly drive up the cost of energy at a time when we are seeking for ways to increase energy supply and reduce energy costs. Direct costs of the program are estimated to be upwards of $27 billion annually. Studies by the Competitive Enterprise Institute show that McCain-Lieberman will lead to a cumulative loss to gross domestic product of $776 billion through 2025. In addition, studies by United for Jobs, a group sponsored by the National Black Chamber of Commerce and the Small Business and Entrepreneurship Council, cite studies that show the climate bill would cost the U.S. economy over 600,000 jobs. We can't afford this kind of hit to our GDP or the loss of jobs that could result from this proposal.

Jobs lost as a result of adopting an onerous climate change proposal will be exported oversees to countries that do not cap their emissions. So not only will the jobs be exported, but the emissions will be, too. This bill purports to address ''global'' warming. The bill's proponents are correct that the problem, to the extent there is one, is not regional or national but global. However, the fix we are debating would hamstring our economy by driving up energy costs while doing nothing to limit emissions in developing countries.

Already, high natural gas prices have cost America's chemical sector nearly 90,000 jobs and $50 billion in business to overseas operations. Of 120 chemical plants being built around the world with price tags of $1 billion or more, just 1 is in the U.S. while 50 are in China.

Interestingly, the May 5 AP article I referenced earlier notes that China's massive demand for coal is leading managers to ignore safety, causing 5,000 mining deaths per year. If China is not worried about mining safety, we can be pretty certain that they are not going to worry about greenhouse gas emissions.

Advocates for this amendment continue to point to the Kyoto Protocol. What did the Senate say to Kyoto? As you know, in 1997, the Senate voted 95 to 0 for a Byrd-Hagel resolution assailing Kyoto's provisions, leaving President Clinton unable to even bring the Kyoto Protocol up for a vote. By their own admission, McCain-Lieberman is Kyoto-lite. It will cost hundreds of billions of dollars, and to what end? It may not even solve the problem it purports to solve. Yes, there will be lower emissions under this amendment; however, those in favor of Kyoto say Kyoto only scratches the surface.

Environmental groups concede that it will have no impact on what they believe to be impending catastrophic global warming.

Greenpeace International agreed that the Kyoto Protocol should only be an entry point for controlling greenhouse gas emissions. Jessica Coven, a spokesperson for the environmental group, told CNSNews.com that ''Kyoto is our first start and we need increasing emissions cuts.''

''The Kyoto Protocol . . . doesn't even go near to what has to get done. It is not anywhere near to what we need in the Arctic,'' said Sheila Watt-Cloutier, chairwoman of Inuit Circumpolar Conference. ''Kyoto will not stop the dangerous sea level rise from creating these kinds of enormous challenges that we are about to face in the future. I know many of you here believe that we must go beyond [Kyoto],'' she said during a panel discussion.

Despite the fact that green groups at the U.N. climate summit in Buenos Aires called President George Bush ''immoral'' and ''illegitimate'' for not supporting the Kyoto Protocol, the groups themselves concede the Protocol will only have ''symbolic'' effect on climate because they believe it is too weak. Kyoto is an international treaty that seeks to limit greenhouse gases of the developed countries by 2012.

''I think that everybody agrees that Kyoto is really, really hopeless in terms of delivering what the planet needs,'' Peter Roderick of Friends of the Earth International told CNSNews.com. ''It's tiny, it's tiny, tiny, it's tiny,'' Roderick said. ''It is woefully inadequate, woefully. We need huge cuts to protect the planet from climate change.'' Roderick believes a global climate emergency can only be averted by a greenhouse gas limiting treaty of massive proportions. ''We are talking basically of huge, huge cuts,'' said Roderick.

I ask you, if Kyoto isn't enough to solve the purported problem, and McCain-Lieberman would reduce emissions by even less, why are we even thinking of doing it?

What we need is a comprehensive energy policy that recognizes our need for a secure and affordable supply of energy that drives economic growth and creates jobs in America. Our energy policy cannot be formed in a vacuum; it must recognize the global competition for energy that we face and why such competition exists.

The United States is a model for much of the world. Developing nations have seen the value of low cost energy as a means of lifting their citizens out of poverty and misery. We are seeing it today in China and India, and they are not doing it relying on government mandates and bureaucracy. They are improving the standard of living of their people through economic growth that provides good paying jobs for hard working citizens.

Does this mean we have to choose between a strong, growing economy and a clean environment? No, of course not. These two important goals work together. Economic growth is the means of environmental responsibility. Earlier on the Senate floor, Senator DOMENICI declared that the Energy bill ought to be called the ''Clean Energy Act'' due to the many incentives and requirements it contains for clean sources of energy—wind, solar, geothermal, nuclear, clean coal technologies, hydrogen, ethanol, and biodiesel—and the many requirements for improved energy efficiency which will reduce energy use and, therefore, emissions.

Numerous of my colleagues have delineated the efficiency measures, energy savings and incentives in the bill before us and how this package will slash emissions through reducing the need to burn fossil fuels and thus reducing emissions. Nuclear power, IGCC, renewables, and the encouragement of transmission investment to increase customer access to cheaper, more efficient sources of electricity, will reduce emissions by using less fuel to make electricity.

In addition, increased production of ethanol and biodiesel fuels and the incentives for hybrid cars will substantially reduce greenhouse gas emissions. Senator DOMENICI included in the RECORD a detailed statement of all of the provisions in the Energy bill that are aimed at new technologies that will

have no global warming emissions, and I won't repeat that list here.

Neverthless, let me offer a few important statistics on the impact of the current energy bill:

Passage of the bipartisan energy bill will save nearly 2 million jobs over the next decade, according to a study released today by the national association of manufacturers, the manufacturing institute and the american council for capitol formation.

The bill will reduce U.S. energy use by about 2.4 percent in 2020 compared to baseline forecasts by the U.S. energy information administration. The bill will also reduce natural gas use in 2020 by about 1.1 trillion cubic feet, equivalent to current annual consumption by New York State. And the bill will reduce peak electric demand in 2020 by about 50,000 MW, equivalent to the capacity of 170 powerplants, 300 MW each.

The energy efficiency standards in the bill will save so much energy in the coming years that by 2010, the electricity savings will total 12 GWh and will reduce peak electric demand by the output of 12 new 300–MW powerplants. By 2020, the savings will total 66 GWh and reduce peak demand by the output of 75 new 300–MW plants. By 2030, the savings will equal 96 GWh and reduce peak demand by the output of 108 new 300–MW plants.

The ethanol mandate in the Senate Energy bill will displace as much as 2 billion barrels of imported crude oil, lower the U.S. trade deficit by $67 billion, create $51 billion in new farm income and cut Government farm payments by an estimated $5.9 billion—all by 2012.

Using 100 percent biodiesel reduces carbon dioxide emissions by more than 75 percent over petroleum diesel, while using a 20 percent biodiesel blend reduces carbon dioxide emissions by 15 percent.

In 2003, U.S. nuclear powerplants avoided the emission of 679 million metric tons of carbon dioxide, from the fossil fuels that would have been burned to generate power in the absence of nuclear energy. Annual carbon dioxide emissions from the U.S. electric sector are approximately 2,215 million metric tons. Without nuclear energy, U.S. electric sector carbon emissions would have been approximately 30 percent higher.

As we conserve energy and promote new clean sources of energy production, we burn less fossil fuel, thereby reducing emissions in the most economically sound manner.

Even Senator MCCAIN recognizes the need to promote clean sources of energy, namely nuclear energy and clean coal. He said:

> The fact is, nuclear is clean, producing zero emissions, while the burning of fossil fuels to generate electricity produces approximately 33 percent of the greenhouse gases accumulating in the atmosphere, and is a major contributor to air pollution affecting our communities.

His proposal includes money and loan guarantees for new nuclear reactors, new ultra-clean coal power plants, plants to create ethanol from sources other than corn, and large-scale solar power sites. These projects are consistent with many of the incentives that are already included in the Energy bills.

This is important since, if nuclear energy is to continue providing 20 percent of the U.S.'s electrical supply, 50 new 1,000 megawatt power plants will have to be constructed by 2030.

The Hagel-Pryor amendment that we accepted on Tuesday provides additional incentives to develop workable technology to control emissions without exporting jobs and stifling our economy. I voted for this because it allows us to find the right technology and to further explore whether we really have a problem to solve. We are not even sure that a warmer earth is a bad thing.

I have spent significant time studying this issue. When I was chairman of the small business committee in the House of Representatives, I held extensive hearings on the Kyoto Protocol, which the current amendment is modeled after. I wanted to question both sides in depth on the scientific and economic sides of the issue. I reached the conclusion that the science of global warming is much less precise than either side would like to suggest. There is some evidence of ozone depletion but the evidence of resulting global warming is much more dubious. We are just not sure whether and to what extent the Earth is warming; it is not easy to take the Earth's temperature at any given time, and of course it is even more difficult to determine whether the Earth is warmer relative to past ages. Nothing that has been presented in the current debate has changed my mind.

Even the National Academy of Sciences and their brethren organizations can say no more than it is ''likely'' that most of the warming in recent decades can be attributed to human activities. ''Likely'' is not good enough to risk our jobs and our economy, especially since many other notable scientists aren't even that sure. Remember, it wasn't all that long ago when the scientists were telling us that an ice age was coming.

My colleagues have already discussed how the Kyoto Protocol is not really helping the environment since countries participating in Kyoto have been unable to meet their targets and some, in fact, are seeking to find a way out of it due to its devastating economic impact and minimal environmental benefit.

As you all know, the Kyoto Protocol would require industrialized nations to limit their greenhouse gas emissions to varying percentages below 1990 levels. However, all but 40 of the 192 countries in the world are exempted from Kyoto. This creates a two-tiered environmental obligation, forcing the entire burden of reducing greenhouse emissions on industrialized nations and turning the developing world into a pollution ''enterprise zone.'' This will not succeed in reversing ''global warming'' or eliminating greenhouse gases; it would simply change their point of production and push millions of jobs overseas.

America has been down this path before. In the 1987 Montreal Protocol on the production of ozone depleting chlorofluorocarbons, CFCs, the U.S. agreed to a framework eliminating the production of CFCs for industrialized nations only. Following the 1987 Protocol, the U.S. virtually eliminated production of CFCs in 10 years, but the developing world nearly doubled its production. The environmental consequences of the Kyoto treaty would be even worse. It is estimated that if the U.S. not only stabilizes emissions but also reduces greenhouse gas emissions by 50 percent and every other industrial country also reduces greenhouse gas emissions by 50 percent, yet developing nations continue on their current path, then worldwide greenhouse gas emissions will increase by 250 percent before 2030. The factories other countries would build would not be subject to any of our environmental laws and would be much less healthy.

I want to repeat that I have spent scores of hours studying this issue, and the conclusion is inescapable that, even if global warming is a problem, the Kyoto Protocol would have been a disaster for America, causing millions of people to lose their jobs. I cannot understand, therefore, why so many environmental groups keep pushing measures like it. We should all be able to agree that economic growth, while it poses real challenges for the environment, is necessary for the environment's health as well. Poor countries don't have strong environmental policies. So it is in everyone's interests to focus on real environmental concerns—and there are certainly enough of those—without dividing the political community and wasting time and effort on proposals that make no sense from any point of view.

A new bureaucratic program that creates economic incentives to solve a problem that may not exist is not a good addition to our pro-growth, pro-jobs, pro-environment Energy bill.

I urge my colleagues to vote against this amendment.

Mrs. BOXER. Mr. President, our Nation is faced with the threat of global climate change that could fundamentally alter all of our lives and the lives of our children. California has a great deal to lose if we do not take steps to halt and reverse climate change. My State enjoys tremendous ecological diversity ranging from our cool and wet redwood forests of the north coast, to the hot Mojave and Colorado deserts in the southeast, to the vast and fertile agricultural stretches in the central valley. Climate change is a very real threat to those natural ecosystems.

Scientific predictions indicate that human-induced global warming may

produce a 3- to 10-degree rise in temperature over the next 97 years. That may not initially sound dramatic. But it would be enough to change the timing and amount of precipitation in my State. This could, for instance, lead to decreased summer stream flows, which would intensify the already significant controversy over the allocation of water for urban, agricultural and environmental needs.

Scientists also predict that by the year 2050, California will face higher average temperatures every month of the year in every part of the State. The average temperature in June in the Sierra Nevada Mountains could increase by 11 degrees Fahrenheit. The snow pack in the Sierra, which is a vital source of water in the State, is expected to drop by 13 feet and to have melted entirely nearly 2 months earlier than it does now. This could reduce the amount of precious water on which we now rely for agriculture, drinking water and other purposes.

The solution to the climate change problem is to first reduce greenhouse gas emissions. In this regard, the McCain-Lieberman amendment would be a meaningful step in the right direction. It would create an innovative cap and trade system to reduce emissions. In 2010, the system would cap greenhouse gas emissions at the level that was released in the year 2000. It would then allow facilities to buy or sell credits that would allow for greenhouse gas emissions but within the overall cap. This could efficiently reduce overall levels of emissions while allowing flexibility for certain industries.

The second step in solving the climate change problem is to increase the use of renewable resources, such as wind and solar. Unfortunately, this is where the McCain-Lieberman amendment doesn't just fall short, but would be a step backwards. The amendment includes provisions to provide financial assistance to so-called ''clean'' technologies. On its face, it sounds good. But, the amendment makes nuclear power eligible for these subsidies.

Here we go again. The nuclear industry is once again knocking on Uncle Sam's door asking for Federal subsidies to pad their bottom line. We should oppose the nuclear industry's latest effort to raid the public purse. Nuclear power is not the solution to climate change, and it is not ''clean.'' The nuclear industry has not solved its waste and safety problems. By subsidizing the creation of new nuclear plants, we are condoning the creation of more waste and turning a blind eye to the hazards associated with nuclear power.

Proponents of these subsidies say that they are not limited to nuclear power, and that many types of zero or low-emission technologies could benefit. However, the amendment creates an unfair playing field for this assistance by side-stepping the costs of nuclear power's waste and safety problems. A candid analysis of energy choices must consider the full life-cycle costs associated with each technology. This amendment fails to contain such an analysis. Thus, the amendment unfairly and irresponsibly ignores nuclear power's biggest problem—the waste. This could easily tip the scales in favor of more subsidies for nuclear plants, and less for other truly renewable technologies.

The nuclear industry has already benefited from $145 billion in Federal subsidies over the last 50 years. Truly clean and renewable sources of energy, such as wind and solar, have received just $5 billion.

Moreover, these new subsidies could go to some of the world's biggest companies. The Top-10 nuclear energy producing corporations in the Nation are among the largest companies in the world. These companies include Duke Energy, Exelon and Dominion Resources, which are among the 200 largest companies in the world.

Do these large companies need Federal subsidies? No. These ten corporations earned more than $10 billion in profits in 2004 selling energy from a variety of sources.

Subsidies for new nuclear plants are not a sound investment. The Federal Energy Information Administration and a representative of the nuclear industry both acknowledge that nuclear plants are not a viable technology without new subsidies. The EIA has stated that between 2003 and 2025, ''new nuclear power plants are not expected to be economical.'' Thomas Capps, the Chief Executive Officer of Dominion Resources—which has more than $55 billion in assets—was asked about the economics of constructing new nuclear plants. He said, ''I am all for nuclear power—as long as Dominion doesn't have to take the risk . . .'' Instead of the nuclear industry taking the risk, the nuclear industry wants the public to shoulder the burden.

New subsidies for new nuclear plants are unnecessary. The Department of Energy has shown that we can drastically reduce our Nation's climate change pollution without increasing the number of nuclear plants. We can and should solve the problem of climate change without increasing the problems of nuclear waste and safety.

I wish that I could support the McCain-Lieberman amendment, as I did 2 years ago. But by making the nuclear industry eligible for yet more subsidies, as a matter of principle, I cannot vote for this year's version.

Mr. JEFFORDS. Mr. President, I have decided to support the McCain-Lieberman amendment to H.R. 6 as an important step forward on combating global warming. However, I do so with significant reservations about the new language in this amendment providing additional Federal subsidies to the nuclear power industry.

I am especially concerned about the potential amount of the loan guarantees provided, backed by the full faith and credit of the United States, and the possibility that any new nuclear facilities constructed could default on those loans. If, for any reason, the stream of revenue from auctioned credits is insufficient to cover the maintenance or clean-up costs of any facilities that default on such loans, then those costs and liabilities might end up in the Federal taxpayers lap. And we all know about the hundreds of billions of dollars in costs that taxpayers face because of the problems in the Departments of Energy and Defense nuclear weapons complex. That type of exposure seems unwise at best.

This language was not in S.342, the Climate Stewardship Act, which I cosponsored and support, and I advised the sponsors of the amendment not to include it in this amendment. But, unfortunately, it is here in front of the Senate and the only options are yes or no. Senators know that there is already very substantial Federal involvement in support of nuclear power, from the Price-Anderson insurance program to the civilian waste repository program. It makes very little sense to me to pile further Federal dollars on top of an already rich web of support. This is particularly true since the Finance title of this legislation provides additional subsidies for new nuclear power generation.

There is at least one other reason that nuclear power does not need additional support. There is no other source of electricity that will obtain a greater advantage in a carbon constrained world than nuclear power. This kind of legislation immediately levels the competitive playing field for nuclear power and investments as compared to conventional electricity generation that is more carbon intensive.

The fastest, quickest and most economically efficient way to encourage development of and investment in new zero-emission generation is to tax or cap greenhouse gas emissions. The Federal Government should be a strong partner in supporting such research and investment and directing it toward the goal in the United Nations Framework Convention on Climate Change. That goal is stablization of atmospheric concentrations of manmade greenhouse gases at levels that will prevent dangerous interference with the global climate system.

Without such an organizing goal, our Nation's climate research plan and energy subsidies and programs are simply a loose affiliation of ineffective and misdirected efforts. Unfortunately, that is the administration's preference. They prefer not to tackle this gravely important issue with a constructive and assertive international role or with a responsible domestic focus that will reduce greenhouse gases now or anytime within the time window necessary.

I applaud the Senators from Arizona and Connecticut for continuing their efforts to set and reach this goal. I encourage them to remember my comments about nuclear subsidies if and

when this issue comes before the Senate again. I would also like to commend Senator BINGAMAN for his efforts to work on an additional bipartisan proposal inspired by the National Commission on Energy Policy.

Ms. CANTWELL. Mr. President, I rise today to make comments regarding the McCain-Lieberman amendment addressing global climate change. I will vote in support of this amendment today, because I believe this country must get serious about putting in place a mandatory program to address the very real problem of greenhouse gas emissions. My vote today is based on the fact I believe the United States must make a strong, economy-wide commitment to addressing the threat of climate change. But at the same time, I would also like to note that I retain serious reservations about a number of specific provisions added to this legislation since the Senate last considered it, during the 108th Congress.

Specifically, I have strong concerns about the nuclear provisions that were added to the McCain-Lieberman amendment. Nuclear technology may be emissions free, but it is not without substantial environmental costs measured on a completely different scale. This is a fact we in Washington know all too well, since our State is home to the Hanford Nuclear Reservation—one of the biggest nuclear remediation projects in the world, including 53 million gallons of high-level nuclear waste stored in underground tanks located far too close to the Columbia River. Hanford's nuclear legacy is the result of production activities undertaken in the service of our national defense, from World War II through the Cold War. While there are obviously different challenges associated with defense and commercial wastes, Hanford nevertheless highlights for me the very significant distance we have yet to travel when it comes to grappling with the environmental costs of nuclear technology.

So while I wish my colleagues had not added certain provisions to their climate change proposal, I also understand—from the statements they have made on the floor today—that this amendment remains a work in progress. I believe the most important thing is to make sure we do not obscure what this amendment is really about. It is about the need for this country to step up, and to develop a real national strategy to address the issue of climate change.

I have spoken on this floor before about the scientific consensus that has emerged regarding the threat of global warming. I have addressed the issues of potential economic costs associated with climate change, particularly in the Pacific Northwest where nearly every sector of our economy relies in some way on the Columbia River. That river, in turn, is fed by mountain snowpack that many have projected may well be diminishing due to global warming. I have also spoken about this Nation's opportunity to take the lead in the global race for energy independence, to develop the next generation of energy technologies and create the jobs that will go along with them.

We are a problem-solving nation. When we are faced with a grave threat, we roll up our sleeves, put our heads together, and fix our problems; we don't push them off on our children and future generations. Climate change is too alarming a trend for us to ignore. For that reason, I will vote to support the McCain-Lieberman amendment.

Mr. LEVIN. Mr. President, I believe climate change is occurring; I believe we are causing it; I believe it is a threat to the planet; and I believe it is long past time for action. Nevertheless, I can't support the McCain-Lieberman amendment since its effect would be the loss of more American manufacturing jobs to countries that have few, if any, environmental standards. That won't help the environment and it will hurt our economy. Climate change is not something we can tackle by shifting industries and their emissions to other countries, or by shifting manufacturing jobs to China or other countries that have no limits on emissions of greenhouse gases. The bill before us reflects a unilateral approach to a problem that can only be solved globally.

Climate change cannot be addressed unilaterally. It must be addressed multilaterally. It doesn't help the global environment to push down greenhouse gas emissions in one country only to have them pop up in others. We need an international agreement that binds all countries. Otherwise, there is an incentive to move more and more jobs to countries with lower environmental standards. That does nothing to reduce greenhouse gas emissions and does damage to U.S. jobs.

We need to return to the negotiating table and become a party to an effective international treaty on climate change that binds all countries. In my view, the Kyoto Treaty is insufficient because it does not impose requirements on the developing economies of India and China as it does on the United States and others. Those requirements need not be the same size or implemented in the same time frame, but they need to be a part of a global treaty's obligations. China and India are growing so fast that leaving them out of binding commitments and financial contributions would be a travesty for the environment and an economic competitive windfall for those countries. And it would be further insult and injury to our workers, many of whose jobs have already gone overseas.

Another problem with Kyoto is that the specified caps are based on 1990 levels, and because of the subsequent economic downturn in Russia and other former Soviet countries, they can easily meet their targeted reductions and profit from the resulting emissions credits.

Instead, we need an international agreement in which all countries take steps to reduce global warming so that there is no incentive to move jobs and emissions from a country with high environmental standards to one with low environmental standards. The basis of that agreement must be for competing countries to adopt tough environmental standards and for all participants to refuse to purchase products from countries that won't adopt those standards.

I am confident that it is possible to craft an international treaty that controls global emissions in a way that is fair to developed and developing countries. One example of that was the Montreal Protocol that bans the use and manufacture of ozone depleting compounds. This treaty also had the side benefits of eliminating a whole class of greenhouse gases and created new market opportunities for U.S. technology developers.

Engaging with other countries and coming to the table as a partner in an effective international treaty is essential to a global solution. To achieve a global agreement will require our putting maximum pressure on all countries to join it, so that emissions of greenhouse gases can be reduced, not just shifted. Shifting manufacturing jobs and the production of greenhouse gases from here to other countries is not a solution to climate change—it would just be another economic blow to jobs in America.

Some firms who have deployed energy saving technologies and processes well in advance of the reference date may be discriminated against by this cap and trade proposal. For example, while this bill does have a provision for early banking of allowances, firms that implemented energy savings in the past 15 years may not have records of greenhouse gas emissions to allow credit for the action. Firms that installed energy saving measures prior to 1990 could also be unfairly disadvantaged because they would not be able to claim the savings in greenhouse gas emissions and further measures are likely to be more difficult than for firms that had delayed action. Legislation and treaties limiting greenhouse gas emissions should reward, rather than punish, this foresight.

We have already lost enough American jobs to countries with cheap labor, no safety standards, and no environmental standards. To add more incentives for companies to move overseas to countries with no limits on greenhouse gases, as this bill would promote, is not sound policy. Global climate change is just that: global and it needs to be dealt with globally, not unilaterally.

The PRESIDING OFFICER. The Senator from Arizona.

Mr. MCCAIN. Mr. President, how much time remains?

The PRESIDING OFFICER. The Senator has 17 minutes.

Mr. MCCAIN. And the other side?

The PRESIDING OFFICER. The time of the other side has expired.

Mr. MCCAIN. Mr. President, I thank Senator INHOFE for working together as we try to give both sides equal time. I yield myself 9 minutes. Senator LIEBERMAN will take the remaining time.

Mr. President, the amendment incorporates the provisions of S. 342, the Climate Stewardship Act of 2005, in its entirety, along with a new comprehensive title regarding the development and deployment of climate change reduction technologies. This new title, when combined with the ''cap and trade'' provisions of the previously introduced Climate Stewardship Act, will promote the commercialization of technologies that can significantly reduce greenhouse gas emissions, mitigate the impacts of climate change, and increase the Nation's energy independence. And, it will help to keep America at the cutting edge of innovation where the jobs and trade opportunities of the new economy are to be found.

In fact, the ''cap and trade'' provisions and the new technology title are complementary parts of a comprehensive program that will allow us to usher in a new energy era, an era of responsible and innovative energy production and use that will yield enormous environmental, economic, and diplomatic benefits. The cap and trade portion provides the economic driver for existing and new technologies capable of supplying reliable and clean energy and making the best use of America's available energy resources. Our comprehensive proposal offers multiple benefits for our environment and our economy. We simply need the political will to match the public's concern about climate change, the economic interests of business and consumers, and American technological ingenuity and expertise.

Our comprehensive amendment sets forth a sound course toward a productive, secure, and clean energy future. Its provisions are based on the important efforts undertaken by academia, government, and business over the past decade to determine the best ways and means towards this energy future. Most of these studies have shared two common findings. First, significant reductions in greenhouse gases—well beyond the modest goals of our amendment—are feasible over the next 10–20 years using technologies available today. Second, the most important technological deployment opportunities to reduce emissions over the next two decades lie with energy efficient technologies and renewable energy sources, including solar, wind, and biofuels. For example, in the electric power sector, which accounts for one-third of U.S. emissions, major pollution reductions can be achieved by improving the efficiency of existing fossil fuel plants, adding new reactors designs for nuclear power, expanding use of renewable power sources, and significantly reducing electricity demand with the use of energy-saving technologies currently available to residential and commercial consumers. These clean technologies need to be promoted and that is what our legislation is about.

Before describing the details of this amendment, I think it is important to talk about what has occurred since the Senate vote on this issue in October 2003.

I could go on and on about the impacts of climate change and the associated science, yet there is still an ongoing debate in this town about whether or not climate change is real. If you still have doubts, I'd refer you to the powerful joint statement issued just two weeks ago by the U.S. National Academy of Sciences and national academies from other G8 countries, along with those of Brazil, China, and India. Here are just a few quotes from the joint statement:

> There will always be uncertainty in understanding a system as complex as the world's climate. However there is now strong evidence that significant global warming is occurring.
>
> The scientific understanding of climate change is now sufficiently clear to justify nations taking prompt action. It is vital that all nations identify cost-effective steps that they can take now, to contribute to substantial and long-term reduction in net global greenhouse gas emissions.
>
> We urge all nations . . . to take prompt action to reduce the causes of climate change, adapt to its impact and ensure that the issue is included in all relevant national and international strategies.

These statements are powerful and compelling, and I would hope they would help to spur meaningful action in our country to address this grave problem.

The academies' statements are despite attempts by some public officials to ''muddy'' the science of global warming. In the June 8 New York Times, there was a very disturbing article on how many of the scientific reports on climate change have been ''edited'' by an official in the White House's Council on Environmental Quality. The article makes major implications for the future of not only climate change science, but also the future of science in general. The U.S. has always touted its superiority in science and technology. Reports such as these attack the credibility of the Nation's science and technology infrastructure at a time when many within government and industry say we are losing our competitive edge.

The article mentions that the changes to the documents can cause a clear shift in the meaning of the documents—a shift in science. This is outrageous and inexcusable behavior and the consequences of such actions could be severe. Historically, we have been able to exempt science as a political tool. But it now sounds like some have taken it upon themselves to turn climate change science into political science. That is unacceptable.

Perhaps this is why Prime Minister Blair has conceded that he has no chance persuading the President to change his position on climate change. I guess this is understandable now that we have learned that the two are operating under a different set of facts.

I also note a recent article in the Washington Post concerning the administration's efforts to weaken key aspects of a proposal for joint action on climate change by the G8 nations. We should all be able to agree that climate change policy should be based upon sound science. I hope that whatever policy comes from the G8 leaders it would reflect the urgency and the magnitude of the problem as indicated in the joint statement of the academies of science from the G8 countries, China, India and Brazil.

The fact is, the unaltered scientific evidence of human-induced climate change has grown even more abundant. Since February of this year, when I highlighted the results of the Arctic Climate Impact Assessment, even more startling evidence about the Arctic region has been revealed. In a recent Congressional briefing, Dr. Robert Corell, Chair of Arctic Climate Impact Assessment, presented data indicating that climate change in the Arctic is occurring more rapidly than previously thought. Annual average arctic temperatures have increased at twice the rate of global temperatures over the past several decades, with some regions increasing by five to ten times the global average.

The latest observations show Alaska's 2004 June-July-August mean temperature to be nearly 5 degrees Fahrenheit above the 1971–2000 historic mean, and permafrost temperature increasing enough to cause it to start melting. Dr. Corell said the Greenland ice sheet is melting more rapidly than thought even 5 years ago, and that the climate models indicate that warming over Greenland is likely to be up to three times the global average, with warming projected to be in the range of 5 to 11 degrees Fahrenheit, which will most certainly lead to sea-level rise. These are remarkable new scientific findings.

It isn't surprising that just last month, indigenous leaders from Arctic regions called on the European Union to do more to fight global warming and to consider giving aid to their peoples, saying their way of life is at risk. Global warming is said to be causing the arrival in the far north of mosquitoes bearing infectious diseases. And in Scandinavia, more frequent rains in the winter are causing sheets of ice to develop on top of snow, causing animals to die of hunger because they cannot reach the grass underneath.

> ''We are not asking for sympathy,'' said Larisa Abrutina of the Russian Association of Indigenous Peoples of the North. ''We are asking each country in the world to examine if it is truly doing its part to slow climate change.''

The efforts taking place globally to address climate change have gained even greater prominence. For example,

British Prime Minister Tony Blair has made climate change one of his top two issues during his Presidency of the G8. Mr. Blair's commitment to addressing climate change should be commended. He has chosen to take action and not to hide behind the uncertainties that the science community will soon resolve. The Prime Minister made it clear in a January speech at World Economic Forum in Davos as to his intentions when he said, ''. . . if America wants the rest of the world to be a part of the agenda it has set, it must be a part of their agenda too.''

The top two issues that Prime Minister Blair has chosen to deal with are climate change and poverty in Africa. It is interesting to note that another article in the New York Times highlighted recently the connection between the two issues. The article describes how a 50 year long drying trend is likely to continue and appears to be tightly linked to substantial warming of the Indian Ocean. According to Dr. James Hurrell, a scientist at the National Center for Atmospheric Research, ''. . . the Indian Ocean shows very clear and dramatic warming into the future, which means more and more drought for southern Africa. It is consistent with what we would expect from an increase in greenhouse gases.'' It appears that Mr. Blair's two priorities are quickly becoming one enormous challenge.

Mr. Blair enjoys strong support for efforts from industry. Recently, business leaders from 13 UK and international companies sent a letter to the Prime Minister stating there is a need for urgent action to be taken now to avoid the worst impacts of climate change, and to offer to work in partnership with the government toward strengthening domestic and international progress on reducing greenhouse gas emissions.

Furthermore, the heads of 23 global companies released a statement on June 9th, expressing strong support for action to mitigate climate change and the importance of market-based solutions. The statement was prepared by the G8 Climate Change Roundtable, which is comprised of companies headquartered in 10 nations throughout the world, including companies from a broad cross-section of industry sectors. The statement was in response to an invitation from the Prime Minister to provide business perspectives on climate change in advance of the G8 Summit that will take place in Gleneagles, Scotland, in early July.

The Roundtable's statement says ''We recognize that we have a responsibility to act on climate change.'' It further acknowledges there ''is a need for further, significant efforts to reduce greenhouse gas emissions'' . . . ''because of the cumulative nature and long residence time of greenhouse gases in the atmosphere, action must be taken now.'' It also calls upon governments to establish ''clear, transparent, and consistent price signals'' through the creation of a long-term policy framework that includes all major emitters of greenhouse gases. The statement highlights the need for technology incentive programs to accelerate commercialization of low carbon technologies. Finally, the statement calls for a ''new partnership'' between the G8 countries and China, India, Brazil, South Africa, and Mexico to facilitate private investment in low carbon infrastructure.

In addition to the international industries support, I think it is very important to mention that there are now a number of U.S. industry leaders that have begun voicing their concerns for the need to take action, including GE, Duke, Excelon, Shell, and JP Morgan Chase. We welcome these and other leaders' participation and insight in this debate of worldwide consequence.

In the September 2004 issue, The National Geographic devotes 74 pages laying out in great detail the necessity of tackling our planet's problem of global warming. In an introductory piece, Editor-in-Chief Bill Allen described just how important he thinks this particular series of articles is:

> Why would I publish articles that make people angry enough to stop subscribing? That's easy. These three stories cover subjects that are too important to ignore. From Antarctica to Alaska to Bangladesh, a global warming trend is altering habitats, with devastating ecological and economic effects. . . . This isn't science fiction or a Hollywood movie. We're not going to show you waves swamping the Statue of Liberty. But we are going to take you all over the world to show you the hard truth as scientists see it. I can live with some canceled memberships. I'd have a harder time looking at myself in the mirror if I didn't bring you the biggest story in geography today.

The articles highlight many interesting facts. Dr. Lonnie Thompson of Ohio State University collects ice cores from glaciers around the world, including the famed snows of Kilimanjaro, which could vanish in 15 years. According to Dr. Thompson, ''What glaciers are telling us, is that it's now warmer than it has been in the past 2,000 years over vast areas of the planet.'' Many of the ice cores he has in his freezer may soon contain the only remains of the glaciers from which they came from.

Highlighted quotes from the articles include:

> Things that normally happen in geologic time are happening during the span of a human lifetime; the future breakdown of the thermohaline circulation remains a disturbing possibility; more than a hundred million people worldwide live within three feet of mean sea level; at some point, as temperatures continue to rise, species will have no room to run; the natural cycles of interdependent creatures may fall out of sync; and we'll have a better idea of the actual changes in 30 years. But it's going to be a very different world.

Global warming demands urgent action on all fronts, and we have an obligation to promote the technologies that can help us meet the challenge. Our aim has never been simply to introduce climate stewardship legislation. Rather our purpose is to have legislation enacted to begin to address the urgent global warming crisis that is upon us. This effort cannot be about political expediency. It must be about practical realities and addressing the most pressing issue facing not only our Nation, but the world. We believe that our legislation offers practical and effective solutions and we urge each member's careful consideration and support.

I want to describe some of the amendment's major provisions designed to enhance innovation and commercialization in key areas. These include zero and low greenhouse gas emitting power generation, such as nuclear, coal gasification, solar and other renewables, geological carbon sequestration, and biofuels:

The amendment directs the Secretary of Commerce, through the former Technology Administration, which would be renamed the Innovation Administration, to develop and implement new policies that foster technological innovation to address global warming. These new directives include: Developing and implementing strategic plans to promote technological innovation; identifying and removing barriers to the research, development, and commercialization of key technologies; prioritizing and maximizing key federal R&D programs to aid innovation; establishing public/private partnerships to meet vital innovation goals; and promoting national infrastructure and educational initiatives that support innovation objectives.

It also authorizes the Secretary of Energy to establish public/private partnerships to promote the commercialization of climate change technologies by working with industry to advance the design and demonstration of zero and low emission technologies in the transportation and electric generation sectors. Specifically, the Secretary would be authorized to partner with industry to share the costs (50/50) of ''first-of-a-kind'' designs for advanced coal, nuclear energy, solar and biofuels. Moreover, each time that a utility builds a plant based on the ''first-of-a-kind engineering'' design authorized by this amendment, a ''royalty'' type payment will be paid by the utility to reimburse the original amount provided by the government.

After the detail design phase is complete, the Secretary would be able to provide loans or loan guarantees (up to 80 percent) for the construction of these new designs, including: Three nuclear plant designs certified by the NRC that would produce zero greenhouse gas emissions; three advanced coal gasification plants with carbon capture and storage that make use of our abundant coal resources while storing carbon emissions underground; three large scale solar energy plants to begin to tap the enormous potential of this completely clean energy source;

and three large scale facilities to produce the clean, efficient, and plentiful biofuel of the future—cellulosic ethanol.

The loan program will be administered by a Climate Technology Financing Board, whose membership will include the Secretary of Energy, a representative from the Climate Change Credit Corporation, as would be created in the amendment, and others with pertinent expertise. Once each plant is operational, the private partner will be obligated to pay back these loans from the government, as is the case with any construction loan.

I think it is important to be very clear about this ambitious, but necessary, technology title. We intend that much, if not all, of the costs of the demonstration initiatives, along with the loan program, will be financed by the early sale of emission allowances through the Climate Change Credit Corporation under the cap and trade program. While we would prefer to allow for the Corporation to expend these funds directly, our budgetary process doesn't readily lend itself to allow this—direct spending is not a popular proposition these days. Therefore, the amendment authorizes the revenues generated under the program to then be appropriated for these key technology programs. However, the industry and the market will actually be footing much of the bill, not the taxpayers. And, as I already mentioned, the amendment requires that any federal money used to build plants will be repaid by the utility when the plant becomes operational.

Finally, the amendment contains a mechanism requiring utilities to pay reimbursement ''royalties'' as they build plants based on zero and low emission designs created with federal assistance. Again, this approach is more fair and certain than requiring taxpayers to cover the entire costs of these programs. But there will be some costs. That is why it is important to weigh these expenditures against the staggering cost of inaction on global warming. I think we'll find more than a justified cost-benefit outcome.

In addition to promoting new or underutilized technologies, the amendment also includes a provision to aid in the deployment of available and efficient energy technologies. This would be accomplished through a ''reverse auction'' provision, which would establish a cost effective and proven mechanism for federal procurement and incentives. Providers' ''bids'' would be evaluated by the Secretary on their ability to reduce, eliminate, or sequester greenhouse gas emissions.

The ''reverse auction'' program also would be funded initially by the early sale of emission allowances. Eventually, the program would be funded by the proceeds from the annual auction of tradeable allowances conducted by the Climate Change Credit Corporation under the cap and trade program.

I want to clarify that this amendment doesn't propose to dictate to industry what is economically prudent for their particular operations. Rather, it provides a basis for the selection and implementation of their own market-based solutions, using a flexible emissions trading system model that has successfully reduced acid rain pollution under the Clean Air Act at a fraction of anticipated costs (less than 10 percent of the costs that some had predicted when the legislation was enacted). That successful model can and must be used to address this urgent and growing global warming crisis upon us.

The ''cap and trade'' approach to emission management is a method endorsed by Congress and free-market proponents for over 15 years after it was first applied to sulfur dioxide pollution. Applying the same model to carbon dioxide and other greenhouse gases is a matter of good policy and simple, common sense. It is an approach endorsed by industry leaders such as Jeffrey Immelt, CEO of General Electric, one of the largest companies in the U.S.

Moreover using the proven market principles that underlie cap and trade will harness American ingenuity and innovation and do more to spur the innovation and commercialization of advanced environmental technologies than any system of previous energy-bill style subsidies that Congress can devise.

Three decades of assorted energy bills prove that while subsidies to promote alternative energy technologies may sometimes help, alone they are not transformational. In the 1970's, Americans were waiting in line for limited supplies of high priced gasoline. We created a Department of Energy to help us find a better way. Yet today, 30 years later, we remain wedded to fossil fuels, economically beholden to the Middle East and we continue to alter the makeup of the upper atmosphere with the ever-increasing volume of greenhouse gas emissions. Our dividend is continued energy dependence and global warming that places our nation and the globe at enormous environmental and economic risk. Not a very good deal.

Cap and trade is the transformational mechanism for reducing carbon dioxide emissions, protecting the global environment, diversifying the nation's energy mix, advancing our economy, and spurring the development and deployment of new and improved technologies that can do the job. It is indispensable to the task before us.

The Climate Stewardship and Innovation Act does not prescribe the exact formula by which allowances will be allocated under a cap and trade system. This should be determined administratively through a process developed with great care to achieve the principles and purposes of the Act. This includes assuring that high emitting utilities have ample incentives to clean up and can make emission reductions economically and that low emitting utilities are treated justly and recognized for their efficiency. Getting this balance right will not be easy, but it can and must be done.

The fact remains that, if enacted, the bill's emission cap will not go into effect for another five years. In the interim there is much that the country can and should do to promote the most environmentally and economically promising technologies. This includes removing unnecessary barriers to commercialization of new technologies so that new plants, products, and processes can move more efficiently from design and development, to demonstration and, ultimately, to the market place. Again, without cap and trade, these efforts will pale, but the new technology title we propose will work hand in glove with the emission cap and trade system to meet our objectives.

As I already mentioned, the new title contains a host of measures to promote the commercialization of zero and low-emission electric generation technologies, including nuclear, clean coal, solar and other renewable energies, and biofuels.

NATIONAL COMMISSION ON ENERGY POLICY APPROACH WILL NOT ADDRESS THE PROBLEM

We have come a long, long way in recognizing the reality of this problem. Some former skeptics not only have acknowledged that global warming is real, but agree that we have to do something about it. The challenge now is to make sure that the medicine fits the ailment, rather than to engage in half-measures that might check a political box but do nothing to actually solve the problem. As Washington proves time and again, half-measures are worse than doing nothing because they give Congress a false sense of accomplishment and merely delay the necessary, and often more difficult, actions.

It is my understanding that some members have been preparing an alternative proposal to address climate change—one which would incorporate the recommendations of the National Commission on Energy Policy. The Commission has recommended an approach that seems to be intended to initially slow the projected growth in domestic greenhouse gas emissions, but not to reduce such emissions, as our proposal would provide. And there is some question as to the extent to which emissions would be allowed to increase in the near term under the Commission's approach. It also includes what is being termed a ''safety valve'' mechanism, which is more of an escape valve, which would allow for additional allowances to be purchased to emit additional emissions. ''Pay and pollute'' is hardly the way to reducing the factors contributing to climate change.

The problem with the Commission's recommendations is that there is no guarantee that any reductions in the emissions of greenhouse gases would result. It has been demonstrated that

we could meet the Commission's emission intensity targets while still increasing our actual emissions. The emissions intensity approach is the same as that proposed by the Administration. And, as we well know, that approach is not working nor does it allow for us to join with our friends in the international community in jointly addressing this worldwide problem.

Further, the Commission's safety valve proposal precludes any interface with the international trading market which would restrict the number of market opportunities for achieving low cost reductions. The U.S. simply would be trading with itself, which makes the cost of compliance even higher.

If we look at the science of the Earth's climate system, it does not react to emission intensity, but rather, to the level of greenhouse gases in the atmosphere. So, if we are truly committed to addressing climate change, we need to act in a manner that actually addresses the related problems and not those that may make for good sound bites but are otherwise ineffective.

As we evaluate different climate proposals, the fundamental question that should be asked is: ''What is the environmental benefit?''

Under the Commission's plan, the answer could be ''none'' since, as I mentioned, the safety valve essentially allows industry to buy its way out of the problem, which of course, results in no environmental benefit. As we well know, such costs would simply be passed on to consumers, but how would be consumers benefit? Would they get cleaner air? A better environment? Furthermore by having such an ''escape valve'', the powers of innovation and technology development to substantially reduce costs is strangled. Why invest in new technologies when you have the guaranteed option to just ''pay and pollute?''

Of course, I welcome the growing level of interest and discussion by the Senate on what many have called ''the greatest environmental threat of out time.'' However, the proposal as recommended by the Commission doesn't go far enough to address that great threat. And it has the potential to generate huge costs to the taxpayers with no environmental benefit.

I want to take some time to address the amendment's nuclear provisions. Although these provisions are only part of the comprehensive technology package, I'm sure they will be the focus of much attention.

I know that some of our friends in the environmental community maintain strong objections to nuclear energy, even though it supplies nearly 20 percent of the electricity generated in the U.S. and much higher proportions in places such as France, Belgium, Sweden and Switzerland—countries that aren't exactly known for their environmental disregard. But the fact is, nuclear is, producing emissions, while the burning of fossil fuels to generate electricity produces approximately 33 percent of the greenhouse gases accumulating in the atmosphere, and is a major contributor to air pollution affecting our communities

The idea that nuclear power should play no role in our energy mix is an unsustainable position, particularly given the urgency and magnitude of the threat posed by global warming which most regard as the greatest environmental threat to the planet.

The International Energy Agency estimates that the world's energy consumption is expected to rise over 65 percent within the next fifteen years. If the demand for electricity is met using traditional coal-fired power plants, not only will we fail to reduce carbon emissions as necessary, the level of carbon in the atmosphere will skyrocket, intensifying the greenhouse effect and the global warming it produces.

As nuclear plants are decommissioned, the percentage of U.S. electricity produced by this zero-emission technology will actually decline. Therefore, at a minimum, we must make efforts to maintain nuclear energy's level of contribution, so that this capacity is not replaced with higher-emitting alternatives. I, for one, believe it can and should play an even greater role, not because I have some inordinate love affair with splitting the atom, but for the very simple reason that we must support sustainable, zero-emission alternatives such as nuclear if we are serious about addressing the problem of global warming.

In a recent editorial by Nicholas Kristof of the New York Times, Mr. Kristof made the following observation: ''It's increasingly clear that the biggest environmental threat we face is actually global warming and that leads to a corollary: nuclear energy is green.'' He goes on to quote James Lovelock, a British scientist who created the Gaia principle that holds the earth is a self-regulating organism. He quoted Mr. Lovelock as follows:

> I am a Green, and I entreat my friends in the movement to drop their wrongheaded objection to nuclear energy. Every year that we continue burning carbon makes it worse for our descendents Only one immediately available source does not cause global warming, and that is nuclear energy.

I have always been and will remain a committed supporter of solar and renewable energy. Renewables hold great promise, and, indeed, the technology title contains equally strong incentives in their favor. But today solar and renewables account for only about 3 percent of our energy mix. We have a long way to go, and that is one of the objectives of this legislation—to help promote these energy technologies.

I want to stress nothing in this title alters, in any way, the responsibilities and authorities of the Nuclear Regulatory Commission. Safety and security will remain, as they should, paramount in the citing, design, construction and operation of nuclear power plants. And the winnowing effect of the tree market, as it should, will still determine which technologies succeed or fail in the market place. But the idea that a zero-emission technology such as nuclear has little or no place in our energy mix is just as antiquated, out-of-step and counter-productive as our continued dependence on fossil fuels. Should it prevail, our climate stewardship and clean air goals will be virtually impossible to meet.

The environmental benefit of nuclear energy is exactly why during his tenure, my friend, Morris Udall, one of the greatest environmental champions the United States has ever known, sponsored legislation in the House, as I did in the Senate, to develop a standardized nuclear reactor that would maximize safety, security, and efficiency. The Department of Energy has done much of the work called for by that legislation. Now it's time for the logical next steps. The new title of this legislation promotes these steps by authorizing federal partnership to develop first of a kind engineering for the latest reactor designs, and then to construct three demonstration plants. Once the demonstration has been made, tree-market competition will take it from there. And the amendment provides similar partnership mechanisms for the other clean technologies, so we are in no way favoring one technology over another.

No doubt, some people will object to the idea of the federal government playing any role in helping demonstrate and commercialize new and beneficial nuclear designs. I have spent 20 years in this body fighting for the responsible use of taxpayer dollars and against pork-barrel spending and corporate welfare. I will continue to do so.

The fact remains that fossil fuels have been subsidized for many decades at levels that can scarcely be calculated. The enormous economic costs of damage caused by air pollution and 11 greenhouse gas emissions to the environment and human health are not factored into the price of power produced by fossil-fueled technologies. Yet it's a cost that we all bear, too often in terms of ill-health and diminished quality of life. That is simply a matter of fact.

It's also inescapable that the ability to ''externalize'' these costs places clean competitors at a great disadvantage. Based on that fact, and in light of the enormous environmental and economic risk posed by global warming, I believe that providing zero and low emission technologies such as nuclear a boost into the market place where they can compete, and either sink or swim, is responsible public policy, and a matter of simple public necessity, particularly, as we enact a cap on carbon emissions.

The Navy has operated nuclear powered submarine for more than 50 years and has an impressive safety and performance record. The Naval Reactors program has demonstrated that nuclear power can be done safely. One of

the underpinning of its safety record is the approach used in its reactor designs, which is to learn and built upon previous designs. Unfortunately for the commercial nuclear industry, they have not had the opportunity to use such an approach since the industry has not been able to build a reactor in over the past 25 years. This lapse in construction has led us to where we are today with the industry's aging infrastructure. As we have learned from other industries, this in itself represents a great risk to public safety.

I want to close my comments on the nuclear provisions with two thoughts. A recent article in Technology Review seems particularly pertinent to those with reservations about nuclear power. It stated, ''The best way for doubters to control a new technology is to embrace it, lest it remain in the hands of the enthusiasts.'' This is particularly sage advice because, frankly, the facts make it inescapably clear—those who are serious about the problem of global warming are serious about finding a solution. And the rule of nuclear energy which has no emissions has to be given due consideration.

Don't simply take my word regarding the magnitude of the global warming problem.

In 2001, President Bush wanted an assessment of climate change science. He further stated that climate change policy should be based upon sound science. He then turned to the National Academy of Sciences for an analysis of some key issues concerning climate change.

Shortly thereafter, the National Academy of Sciences reported that, ''Greenhouse gases are accumulating in the Earth's atmosphere as a result of human activities, causing surface air temperatures and subsurface ocean temperatures to rise. Temperatures are, in fact, rising. The changes observed over the last several decades are likely mostly due to human activities[.]''

As I mentioned earlier, the National Academy along with the national academies of 10 other countries are now calling for not only action, but prompt action for significant reductions in greenhouse gas emissions.

Let's also consider the warning on NASA's website which states: ''With the possible exception of another world war, a giant asteroid, or an incurable plague, global warming may be the single largest threat to our planet.''

Also consider the words of the EPA that: ''Rising global temperatures are expected to raise sea level, and change precipitation and other local climate conditions. Changing regional climate could alter forest, crop yields and water supplies[.]''

And let's consider the views of President Bush's Science Advisor, Dr. John Marburger, who says that, ''Global warming exists, and we have to do something about it, and what we have to do about it is reduce carbon dioxide.'' Again, the chief science advisor to the President of the United States says that global warming exists, and what we have to do about it is to reduce carbon dioxide!

The road ahead on climate change is a difficult and challenging one. However, with the appropriate investments in technology and the innovation process, we can and will prevail. Innovation and technology have helped us face many of our national challenges in the past, and can be equally important in this latest global challenge.

Advocates of the status quo seem to suggest that we do nothing, or next to nothing, about global warming because we don't know how bad the problem might become, and many of the worst effects of climate change are expected to occur in the future. This attitude reflects a selfish, live-for-today attitude unworthy of a great nation, and thankfully, not one practiced by preceding generations of Americans who devoted themselves to securing a bright and prosperous tomorrow for future generations, not just their own.

When looking back at Earth from space, the astronauts of *Apollo 11* could see features such as the Great Wall of China and forest fires dotting the globe. They were moved by how small, solitary and fragile the earth looked from space. Our small, solitary and fragile planet is the only one we have and the United States of America is privileged to lead in all areas bearing on the advance of mankind. And lead again, we must, Mr. President. It is our privilege and sacred obligation as Americans.

I thank Senator INHOFE. He and I obviously have fundamental disagreements, and this probably won't be the last time we discuss our fundamental disagreement.

I ask unanimous consent to print a letter from the chairman of the Environment Committee in the European Parliament in the RECORD.

The PRESIDING OFFICER. Without objection, it is so ordered.

There being no objection, the material was ordered to be printed in the RECORD, as follows:

JUNE 22, 2005.

Hon. PETE V. DOMENICI,
*Chairman, Senate Energy & Natural Resources Committee, Dirksen Senate Office Building, U.S. Senate, Washington, DC.*

Hon. JEFF BINGAMAN,
*Ranking Member, Senate Energy & Natural Resources Committee, Dirksen Senate Office Building, U.S. Senate, Washington, DC.*

DEAR SENATOR DOMENICI AND SENATOR BINGAMAN: I have reviewed a document, apparently prepared by the American Petroleum Institute (API), claiming that the United States has reduced its greenhouse gas emissions intensity more than most other European Union countries and more than the EU as a whole. Similar claims were apparently repealed on the floor of the U.S. Senate yesterday, including remarks made by Senator Michael B. Enzi of Wyoming. While we can not be absolutely sure that the EU will be able to meet its Kyoto target—and a lot of efforts still have to be done within members states to further curb emissions—this claim truly misrepresents the performance of the European Union and its member states compared to the United States. Data from the U.S. Energy Information Administration indicates the following.

From 1980 to 2002, the carbon dioxide ''intensity'' (i.e., absolute tons of carbon dioxide ($CO_2$) emitted per thousand dollars of gross domestic product (GDP) of the EU–15 has fallen by 34 percent, from 0.52 to 0.34, From 1980 to 2002 US carbon dioxide ''intensity' has fallen from 0.99 to 0.62, i.e., by 38 percent. Thus, U.S. carbon dioxide ''intensity'' has indeed fallen slightly faster than Europe's.

However, America's carbon dioxide ''intensity'' of 0.62 tons of carbon dioxide emissions per thousand dollars of GDP is still nearly double that of the European Union (0.34), meaning that the U.S. economy is only about half as efficient from the point of view of carbon content as that of Europe. To reduce carbon intensity in the U.S. thus is much easier—and costs much less—than what is the case in the EU.

Furthermore, what matters to the atmosphere and to the world in terms of climate change is not ''intensity, but total emissions of greenhouse gases. Over the period 1980 to 2002, U.S. total emissions of carbon dioxide increased 20.9 percent from 1980, while total carbon dioxide emissions in Europe rose by only 8.6 percent. If we look at the more recent period, namely developments from 1997 to 2002, U.S. total emissions of carbon dioxide from fossil fuel combustion increased from 5543.28 million metric tons (MMT) to 5749.41 MMT—this is by 206.13 MMT, or more than twice the total emissions of Greece. Total carbon dioxide emissions from fossil fuel combustion in Europe rose by only 145.06 million metric tons of carbon dioxide during that same period (from 3307.16 MMT in 1997 to 3452.22 MMT in 2002). And, U.S. total emissions of carbon dioxide are nearly two-thirds higher (66.5 percent) than Europe's, despite the fact that the EU has about 91 million more people than the United States.

Six months ago, the European Union launched the world's first-ever regional cap and trade market for cutting greenhouse gas emissions. While in its infancy, that market, together with other programs that the EU has instituted, is beginning to provide powerful incentives for EU companies to boost their economic growth while cutting their greenhouse gas emissions. Parallel to that a series of policy instruments have been introduced to encourage our citizens to use energy in a more efficient way. As already stated, we do experience problems in several member states when it comes to meeting the Kyoto target. Emissions in the transport sector cause particular concern and we are currently discussing ways and means both to encourage greater use of bio-fuels and to enhance fuel-efficiency for new cars. But in general terms I believe our climate action program has to be considered a model for how to go about emissions reductions in both a responsible and cost-effective way.

From the European Parliament point of view we very much welcome contacts and dialogue with the U.S. Congress on issues related to climate change. We strongly believe there is a need to improve cooperation between Europe and the U.S. on this issue. We welcome any opportunity for dialogue with members of the U.S. Congress. I should mention that some of us will participate in a one-day conference in London on July 3rd—on the invitation by Globe—where parliamentarians from all over the world will come together and discuss climate change. Regretful as it is, as of today we have no U.S. participants confirmed. Another opportunity for dialogue might be a conference in Washington, DC in September 20–21—the Trans-Atlantic Dialogue on Climate Change—organized by Environment Defense in close cooperation with the European Commission.

I understand that you are currently holding hearings on energy and climate-related subjects. I respectfully request that this letter can be made a part of the Record of your deliberations so as to avoid any misconceptions about climate policy in Europe. Looking very much forward to future contacts with you on these important issues!

HON. ANDERS WIJKMAN,
*Member of European Parliament.*

Mr. MCCAIN. This is a letter to Senator DOMENICI and Senator BINGAMAN from the chairman of the Environment Committee of the European Parliament. Basically, it says—astonishingly, I am shocked—I have reviewed a study prepared by the American Petroleum Institute, that unbiased bystander on this issue, ''claiming that the United States has reduced its greenhouse gas emissions intensity more than most other European Union countries and more than the EU as a whole. Similar claims were apparently repeated on the floor of the U.S. Senate yesterday, including remarks made by Senator Michael B. Enzi . . . While we can not be absolutely sure that the EU will be able to meet its Kyoto target . . . this claim truly misrepresents the performance of the European Union and its member states compared to the United States,'' which it does.

It should surprise no one that the American Petroleum Institute would put out less than an objective study.

Yesterday, Senator VOINOVICH and others referred to analysis by Charles River Associates concerning our climate change amendment, stating it would result in the loss of 24,000 to 47,000, blah, blah, blah. I think it is important to know that the Charles River Associates study was funded by an outfit called United for Jobs, Americans for Tax Reform, and various other industry-related entities, including petroleum-related organizations. It is based on totally false assumptions, including assuming a 70-year time line. I ask unanimous consent that a rebuttal to the Charles River Associates climate stewardship assumption article be printed in the RECORD.

There being no objection, the material was ordered to be printed in the RECORD, as follows:

CHARLES RIVER ASSOCIATES AND CLIMATE STEWARDSHIP: ASSUMPTIONS DO MATTER

In recent months, a group of industry-funded nonprofits, United for Jobs 2004, has commissioned an economic analysis of the Climate Stewardship Act that was performed by Boston consulting group Charles River Associates (CRA).

Any economic model is, in essence, a machine; it receives an input, processes it, and produces a conclusion based on the input. In any economic model, the modeling assumptions are the key input—by telling the model what sort of economic conditions to model, they set the terms of economic analysis and determine to a very large extent the conclusions produced by the model. The chart below examines the assumptions that underpin the economic analysis commissioned by the United for Jobs campaign.

| What is the assumption? | Why is this important? |
|---|---|
| A 70-year timeline: The study locks in today's market conditions to an economic analysis that spans 70 years. | In fact, economists rarely attempt to forecast economic impacts beyond a 10–20-year horizon because the national economy is such a complex system. Attempting to assign a 70–year cost horizon to the Climate Stewardship Act today is just as futile an effort as it would have been to assign a 70-year cost horizon to a telecommunications policy in 1934. Imagine it: using Charles Rivers Associates' method, those Depression-era regulators would have calcuated policy cost on the basis of primitive 1930s telephone technology over a timeline that would ultimately see the invention of computers, mobile phones, the internet, fax technology, e-mail, and even wireless access. |
| An innovation-free economy: The CRA analysis assumes that industry complies with the bill by using year 2004 technologies for the next 70 years. | Tomorrow's technologies aren't incorporated into the model because they don't yet exist and thus can't have a cost assigned to them. For example, the model incorporates a cutting-edge clean-coal technology available today, but assumes that it will continue to exist until 2070 at today's prices, which is $300/ton of carbon. |
| Catastrophic business decisions: The model assumes that businesses will respond to the new policy by making catastrophic business decisions such as retiring coal-fired power plants prematurely and mothballing other valuable capital. | Past experience with market-based policies gives no reason to assume irrational business behavior. Following the 1990 Clean Air Act Acid Rain Program, for example, energy companies have invested heavily in new technology while continuing to boost electric generation at a robust rate. Key success factors in ensuring a reasonable climate for business are policy certainly and lead time to accommodate the policy changes. |
| Personal income taxes increase to stabilize the government: In CRA's model, big personal tax increases prop up the federal government as the economy takes a nose dive. | By CRA's own account, this single assumption increases the consumption costs of the bill by 60 percent. No precedent exists for this response to climate policy cost. Moderate cost and lead time for industry to adapt to policy changes are, again, critical. |
| 70 years of tight natural gas supply: The CRA model assumes that current natural gas market conditions remain in place for 70 years. | Proven world gas reserves are over 200 times U.S. annual consumption. Availability of gas is a function of production capacity, not the availability of the fuel itself. Presently, natural gas markets are responding to increased demand by increasing supply, both domestic and imported. |
| No international market for carbon reductions: The U.S. never joins the global market for carbon reductions. | As numerous studies have shown—and common sense dictates—international emissions trading drives down the cost of emlssions reductions dramatically by allowing companies to take advantage of cost-effective opportunities to reduce emissions, wherever in the world they may be found. It is inconceivable that American businesses will forever be denied these cost-reducing opportunities. |
| No new state or federal requirements to reduce air pollution: The model assumes that Congress and the states do not act to improve air quality for the next 70 years. | At this moment, both Congress and the Administration are deeply engaged in an effort to update—and increase—the limits on domestic air pollutants. These new pollution limits will have some carbon impacts. The current policy changes are not assumed in this analysis, nor are any other policy updates during the next 70 years. |
| No growth in renewable energy: The model assumes that the demand for and supply of renewable energy remains unchanged from today's levels, for the next 70 years. | The year 2004 saw a massive increase in the attention to and development of renewable energy. With the ratification of the Kyoto Protocol, Europe and the industrialized world are placing a premium on renewables, and the demand for these technologies is expected to grow dramatically in the future. |
| No new efficiency requirements: CRA's analysis assumes that no new efficiency requirements are enacted for the next 70 years. | State and federal policymakers are, in fact, continuing to update energy efficiency requirements. The state of Maine, for example, is at work on a bill to join other northeast states in adopting California's newest energy efficiency requirements for a host of consumer products. These exceed current federal requirements, which were also updated in recent years. |
| No state actions on global warming: The model assumes no state actions that contribute to reductions in greenhouse gas emissions. | States from Maine and Connecticut to Oregon and Idaho have enacted state-level policies and initiatives to reduce greenhouse gases. CRA's model assumes that none of these policies reduces emissions, even though the northeast states in particular are actively developing a multi-state emissions trading program to reduce greenhouse gases. |
| A misrepresentative ''high cost'' projection: The CRA study contains a ''high cost'' projection that is based on provisions not found in the Climate Stewardship Act. | The ''high cost'' projection assumes that greenhouse gas emissions will be 80 percent below 1990 levels in the year 2050. This is a level never contemplated in any bill introduced in Congress, and wildly off the mark with respect to the Climate Stewardship Act. The Climate Stewardship Act caps emissions at year 2000 levels, |
| No reductions in non-$CO_2$ gases: The CRA analysis does not recognize the possibility of reducing non-$CO_2$ gases under the bill. | Numerous studies have shown that allowing reductions in so-called ''non-$CO_2$ gases'' reduces overall costs of greenhouse gas reductions dramatically. The Climate Stewardship Act allows use of these low-cost reductions. |

Mr. MCCAIN. The analysis is clearly flawed, and we all know that it is flawed. Of course, this is what we always hear whenever there is a proposal that would improve our environment and our lives and others. It is the apocalypse now.

I would like for my colleagues to take note from this well-known sensationalist rag on the supermarket shelves, the National Geographic, which published probably one of the more comprehensive and in-depth pieces ever done called ''Global Warming, Bulletins From a Warmer World.'' The National Geographic, as they usually do, does an incredibly in-depth job to describe what is already happening and what will be happening in the future.

It reads, in part:

The climate is changing at an unnerving pace. Glaciers are retreating. Ice shelves are fracturing. Sea level is rising. Permafrost is melting. What role will humans play?

I hope my colleagues, when they have a chance, will read that.

I would like Members to look at this picture. This is Lake Powell. It was down to its lowest level since it was built. We did get some rain this winter, and there has been some change. A heat-damaged reef in the Indian Ocean offers poor habitat for passing fish. In fact, as I mentioned earlier, the Great Barrier Reef is predicted to be dying. This once was a lake, Lake Chad in Africa. The pictures go on and on. But perhaps one of the most important, of course, is the Arctic icecap. We know that the Arctic and the Antarctic are the miner's canary of what is going on. This clearly shows in 1979 the polar icecap. And it shows in 2003 the rather dramatic reductions. Also things are happening in Greenland which are significant and alarming.

These are the $CO_2$ records from 2004. The debate about the hockey stick is becoming one that is irrelevant because, unfortunately, we are seeing this dramatic increase.

I would like to return for a minute to the joint science academies' statement, ''Global Response to Climate Change'':

There will always be uncertainty in understanding a system as complex as the world's climate. However, there is now strong evidence that significant global warming is occurring.

Mr. President, the Senator from Idaho mentioned that scientists from India and the Chinese also signed onto this, as if they were complicit. The fact is they are scientists first, and they are from China and India; they are as alarmed about this as anyone else should be.

Two weeks ago, the National Academy of Sciences, the national academies from the G8 countries—this was not 9 years ago but 2 weeks ago—said:

The scientific understanding of climate change is now sufficiently clear to justify nations taking prompt action. It is vital that all nations identify cost-effective steps that they can take now to contribute to substantial and long-term reduction in net global greenhouse gases.

That is why I appreciate the amendment of the Senator from Nebraska, which recognizes there is a problem. But we have to take prompt action now.

Mr. President, I have a fact sheet on myth versus fact that responds to some of the statements made on the floor. I ask unanimous consent that it be printed in the RECORD.

There being no objection, the material was ordered to be printed in the RECORD, as follows:

Myth: Most EU–15 countries are way above emissions targets

Fact: The European Environmental Agency (EEA) recently concluded that the EU is on schedule to meet its Kyoto targets. This report analyzed existing and planned policies, including the Kyoto emissions trading measures.

When only previously implemented policies were evaluated, the EEA calculated that the EU would not reach its Kyoto targets—reaching 1%, rather than 8%, below 1990 levels. Planned policies such as domestic EU policies (accounting for greater than 7% reductions alone) and international emission reduction projects (for which funds have already been allocated), however, will enable the EU to exceed its 8% goal.

Myth: The U.S. beats the EU in reducing GHG emissions

Fact: While the U.S. emissions intensity decreased by 17.4 percent in the 1990s, U.S. global warming pollution grew by 14. At the same time, the EU decreased their global warming pollution by 4 percent. Greenhouse Gas intensity does not measure the quantity of global warming pollution reduced. GHG intensity is defined as the ratio of total global warming pollution to total gross domestic product.

Myth: U.S. $CO_2$ emissions don't come from industry

Fact: Forty percent of energy-related $CO_2$ comes from power plants. As a sector, industry accounted for 28.8 percent (1,666.2 million metric tons of $CO_2$) of total U.S. energy-related $CO_2$ emissions in 2003, reported the DOE's Energy Information Administration. In the same year, energy related carbon dioxide emissions did not change for the industrial sector because industrial output only grew by 0.2 percent in the year. While the largest growth in $CO_2$ emissions is not from industry, the sector nonetheless is responsible for a significant portion of U.S. $CO_2$ emissions.

Myth: Future global GHG emissions will come from developing countries

Fact: The United States is currently responsible for 25% of global warming pollution, while less than 5 percent of the global population resides here. U.S. per capita emissions are 5 tons of carbon per year, while Europe and Japan emit 2–5 tons of carbon per year per capita. By comparison, the developing world average per capita is about 0.6 tC/year. In order to stop global warming, the world will need to reach an average of 0.3 tC/year per capita for a population of ~ 10 billion people by the end of the century. [Kammen et al.]

In addition, in the last century, developed countries were responsible for 60 percent of the net carbon emissions that have caused global warming. The United States alone contributed 30 percent of the total from 1900–99. By comparison, China was accountable for only 7 percent and India for 2 percent.

Myth: Industry voluntary actions are sufficient.

Fact: The United States has tried a range of domestic and international voluntary efforts to reduce global warming pollution over the past decade, but U.S. emissions have continued to rise. The fact is voluntary programs alone will not stop the rise in emissions. Because the Hagel amendment relies exclusively on voluntary programs, it won't work either.

Myth: Global warming emission limits should not be part of the energy bill because it will undercut economic growth.

Fact: Climate policy is essential for a secure and strong U.S. economy, as well as a healthy environment. A carbon emissions cap would encourage U.S. corporations to innovate, develop new, competitive technologies for the global market and be world leaders in new energy technology. Technological innovation in energy efficiency and renewable energy will stimulate job growth, energy independence and investments in research and development.

Political incentives to develop new clean technology will provide the certainty that U.S. companies need in order to make rational investments in long-lived assets. As the energy infrastructure in the U.S. ages and we are ready to replace it, building low and no-carbon technologies now is economically essential. By planning ahead, we will prevent costing our companies a lot more in mitigation costs when they have to retrofit or shut down fossil fuel plants due to inevitable future global warming policy. Being a leader in technological development of low and no-carbon energy technology is in fact essential to U.S. economic growth.

Myth: Current energy policy is sufficient as is. Limiting fossil fuel use will undermine this policy.

Fact: Limiting carbon pollution will strengthen the new national energy policy, which, in its current form, is insufficient to increase U.S. energy security and to protect against the threat of global warming. American companies are currently losing out on billions of dollars in profits because current U.S. energy policy has failed to provide sufficient political incentives for cleantech innovation.

Wind power, solar photovoltaics and fuel cell and hydrogen infrastructure are high-growth markets, in which U.S. companies are not the technological leaders. Solar and wind power have each grown by more than 30% annually since 2000, growth rates that are more common in such high-tech markets as personal computers and the Internet. Yet, in the past 10 years, the United States went from owning 50% of the solar PV market to 10%. The U.S. economy will be more secure if we invest in technologies that reduce our dependence on fossil fuels and will be stronger if we compete with the European and Japanese companies in the profitable clean-energy market.

Myth: The United States should not implement global warming policy until developing nations commit to such policies as well.

Fact: More than one hundred and forty nations globally have agreed to collaborate and make real reductions in global warming pollution. Simply because the U.S. passes legislation different from the rest of the world's climate policy does not mean that we are going at it alone. In fact, all proposed climate amendments are far less stringent than the mandates in the Kyoto Protocol.

The United States is responsible for more than a quarter of world's carbon dioxide emissions—more than China, India and Japan combined. While developing countries' emissions are increasing, it will be impossible to stop global warming without the world's largest polluter taking action.

Domestic climate policy will create jobs in the U.S. and save American consumers billions of dollars, in addition to enabling U.S. companies to regain technological dominance in the renewable energy sector. The renewable energy sector ''generates more jobs per megawatt of power installed, per unit of energy produced, and per dollar of investment, than the fossil fuel-based energy sector [mining, refining, utilities],'' concludes Kammen et al from the University of California at Berkeley.

Myth: Creating $CO_2$ Limits would be Extremely Costly.

Fact: EIA's high cost estimates are based on an unrealistic scenario in which the U.S. does not increase renewable energy generation, fails to implement responsible energy policy and does not utilize carbon capture technology.

The Climate Stewardship Act provides a market-based solution to climate policy. The Tellus Institute analyzed the bipartisan Climate Stewardship Act using a modified version of the Energy Information Administration's (EIA) NEMS model. They calculated the net savings to consumers as a result of this Act will reach $30 billion annually from 2013 through 2020. A different study by MIT economists found that the cost to the economy will be a modest $15-$19 per household per year from 2010–2020. Measured in terms of the impact on household purchasing power (defined as welfare costs), this is only 0.02 percent of business-as-usual consumption levels from 2010 onward.

Global warming policy will help U.S. companies profit from the high-growth clean-energy market, currently estimated at $12.9 billion. It is projected that by 2013, the combined solar photovoltaics, wind power and fuel cells and hydrogen infrastructure market will represent a $92 billion market [Clean-edge]. Without the political incentive to invest in global warming technology, European and Asian technological innovation will out-compete American companies

Myth: The President's plan is sufficient.

Fact: President Bush's voluntary global warming plan does not attempt to address climate concerns. It is far from sensible, putting U.S. companies at a competitive disadvantage in the global high-growth clean energy market and allowing emissions of heat-trapping pollutants to continue growing indefinitely at exactly the same rate they have grown over the last 10 years. The president has used a misleading emissions ''intensity'' metric that disguises more pollution, not less.

The United States has tried a range of domestic and international voluntary efforts to reduce global warming pollution over the past decade, but U.S. emissions have continued to rise. The fact is voluntary programs alone will not stop the rise in emissions. Because the Bush global warming plan relies exclusively on voluntary programs, it won't work either.

Most of the president's proposed spending is only a continuation of past work on the science of climate change.

Bottom line: Under the Bush plan, emissions in 2012 will be 30 percent above 1990 levels and still rising.

Myth: Climate Mandates are Not Scientifically Justified.

Fact: As USA Today put it on their June 13 front page, ''The debate's over. Globe is warming''.

This headline reflects the mainstream scientific consensus that humankind has induced global warming. Scientists are virtually certain that $CO_2$ pollution from fossil fuel burning is the dominant influence on observed global warming during the last few decades. Last week, the National Academy of Sciences and science academies of 10 other nations, said there is ''significant global warming'' and called for ''an immediate response'' and ''prompt action'' to reduce global warming pollution. They warned, ''Failure to implement significant reductions in net greenhouse gas emissions now, will make the job much harder in the future''

The preponderance of scientific evidence concludes the following:

The warming in the late 20th century is unprecedented in the last 1000 years.

Seven of the ten warmest years in the past century were since 1990, and NOAA concluded that 1998 was the hottest year on observable record.

Simulations of climate using solely natural climate variability do not recreate or parallel actual climate changes which have occurred over the last 50 years.

Natural climate variability can not be the cause of the rapid increase and magnitude of change in Earth's temperature. The effect of natural phenomena, such as solar variability, is quite small in comparison to the effect of heat-trapping pollution added to the earth's atmosphere, concluded the Intergovernmental Panel on Climate Change (IPCC), a group comprised of the 2,500 of the world's most prominent climate scientists, economists and risk analysts. Additionally, the net effect of natural climate factors for the past two, and possible four, decades is negative—a cooling effect.

The mainstream global scientific consensus is that humankind has induced global warming. Sallie Baliunas and Willie Soon are the two ''climate contrarians'' at the Harvard-Smithsonian Astrophysical Center who challenged this accepted conclusion and declared that there was a Middle Age Warm Period. They received $53,000 for this study from the American Petroleum Institute, the oil and gas industry's primary trade organization. Their methodology is fundamentally flawed and their claims are inconsistent with the preponderance of scientific evidence.

Myth: Scientific Review has Discredited the Underlying Study (''hockey stick'' report) on Warming.

Fact: Scientists' conclusion that humans have induced climate change is based on many scientific reports, computer models and analyses. For example, a recent study by NASA, Columbia University and DOE scientists has been called the ''smoking gun'' of global warming. This report showed a clear energy imbalance—the planet is absorbing one watt more of the sun's energy, per square meter, than what is radiated back into space. This increase in energy will accumulate and warm the earth's atmosphere.

The review by ''climate contrarians'', McIntyre and McKitrick, who attempted to challenge mainstream scientific consensus and Michael Mann's analysis, wholly misrepresented the results of the model. McIntyre and McKitrick did not follow standard scientific protocol, and they omitted key data for the period 1400–1600. http://www.berlinwind.org/environment.html has more description of Mann's report.

Myth: Greenhouse Gas emissions are not Pollutants.

Fact: Carbon dioxide is without a doubt a pollutant in the quantities that humans are releasing it into our air. Generally, a pollutant is defined as an ''undesirable state of the natural environment being contaminated with harmful substances as a consequence of human activities''. Global warming pollution is also considered pollution under the Clean Air Act. The act says that an air pollutant is any ''physical, chemical, biological, [or] radioactive . . . substance or matter which is emitted into or otherwise enters the ambient air'' (CAA, sec. 302(g)). $CO_2$ is, therefore, a pollutant under the Clean Air Act, as well as in the real world.

Carbon dioxide is, and will continue to be, the cause of significant health impacts. According to the EPA, the prevalence and severity of particular diseases depends largely on the local climate. Extreme temperatures can be directly lethal (in the U.S., twice as many people die from the heat as from the cold). Indirectly, infectious diseases such as malaria and yellow fever, which once only appeared in warmer equatorial regions, will travel northward as mosquitoes follow the warmer temperatures to the north. Moreover, hotter temperatures can increase air and water pollution, which indisputably cause asthma attacks, lung disease and other serious health effects.

Large and rapid climatic changes are already causing extreme weather patterns, heat waves, rising ocean temperatures and acidity, coral reef destruction, early snow melts and noticeable ice-cap and mountain glacier thaws. Hotter temperatures will continue to lead to coastal and island submersion, disturbances to food production levels and unpredictable changes to ocean and atmospheric circulation.

While directly breathing $CO_2$ is not a concern for this pollutant, certainly the effects of the rapid buildup of the gas in the atmosphere because of human energy use is arguably the largest environmental threat to humankind in the history of civilization.

Myth: The ''Poison Pill'' Climate Amendment.

Fact: This is a circular argument, asking Members of Congress to oppose the climate amendment because Members of Congress oppose the climate amendment.

Without climate policy, the energy bill will not significantly reduce oil dependence or address global warming. A market-based solution such as the Climate Stewardship Act provides the economic opportunities and real emissions limits that must be included in a strong energy bill.

Myth: A ''methane-first'' strategy is more cost-effective than reducing carbon dioxide.

Fact: It is true that on a pound for pound basis, methane is a much more powerful greenhouse gas than carbon dioxide, and it should be controlled. However, carbon dioxide is the primary concern for global warming because of the massive quantities of it released from burning fossil fuels. Carbon dioxide's concentration in the atmosphere is now over 360 parts per million, higher than at any time during the last 400,000 years.

Myth: Greenhouse gas caps are bad for the strained supply of natural gas.

Fact: A key finding of the Tellus Institute analysis of the Climate Stewardship Act is that natural gas prices would decrease with a policy that limits global warming pollution in conjunction with targeted complementary policies. When the emissions cap is accompanied by energy efficiency measures and demand response policies, the EIA NEMS model shows a slight decrease in the price of natural gas relative to the base case. The complementary policies that contribute to cost-effective implementation of the Climate Stewardship Act include energy efficiency investments funded by allowance sales under the Act, renewable energy standards, and promotion of combined heat and power systems.

Mr. MCCAIN. Mr. President, I don't think it is likely that we will win this vote. I don't count votes, but I have been around here long enough that I can pretty well ''take the temperature of the body.'' It is rising. That is a bad metaphor that I can probably tell what is going to happen in our vote counts. All I can do is assure my colleagues that the first time Senator LIEBERMAN and I came to the floor, there was no document from any scientific group that was as definitive as was issued 2 weeks ago by the National Academy of Sciences.

The next time Senator LIEBERMAN and I are on the floor—and we will be back—there will be even more definitive statements by the world scientific community, more manifestations of this terrible calamity that is besetting this great world of ours, and over time we will win. I am very confident of that because we must act.

As far as Kyoto is concerned, Senator LIEBERMAN and I know India and China would have to join as a condition for the United States to be even part of it, and the treaty itself may have to be modified to some degree. The reason why I worry is not because of the fact that I am not confident we will win; I am worried about what happens in the meantime. The condition was far less serious the first time Senator LIEBERMAN and I took up this issue. The first time we had a hearing in the Commerce Committee 6 years ago, it was a problem. Now it is rapidly approaching a crisis of enormous proportions. So I worry that delay means further enormous challenges to make sure the environment of this Earth is not suffering permanent damage.

I urge my colleagues, after this vote, to get briefed, to get information, travel with us, do what you can to ascertain what is happening on the Earth. I think the next time we are on the floor, we will gain a majority.

I reserve the remainder of my time.

The PRESIDING OFFICER. The Senator from Connecticut is recognized.

Mr. LIEBERMAN. Mr. President, I thank my friend and colleague and partner in this cause, Senator MCCAIN, for his persistent, principled leadership. It is an honor to fight alongside him on behalf of what we believe is right for future generations of Americans—our kids and grandkids.

As I have listened to the debate in the Senate—particularly, with all respect, listening to some of the opponents of this amendment—I keep thinking of a song by Bob Dylan, from a younger time in my life. I apologize to the great Dylan if I have the lyrics a little wrong, but it was generally along the lines of:

> Come Senators, Congressmen, please heed the call. Don't stand in the doorway, don't block up the hall.

The theme was that the times are rapidly changing. What is rapidly changing in our times is the temperature on this planet that God has given us. It is changing with observable, bad consequences, and it is changing as a result of what we humans are doing. The science is changing to be clearer

and clearer that global warming is a problem.

What is not changing is the failure of some of my colleagues to recognize that science. Senator MCCAIN is right. We fought hard again, but we are not going to win this vote. As he said earlier, the real losers here are our children and grandchildren. If we don't act soon, they are going to inherit a planet that is not going to be as hospitable as the one we were given by our parents and grandparents. The fact is, however, that I see something hopeful changing around this Senate, and it is an increasing recognition that global warming is a real problem. Some of our friends may go back to those old arguments. You can always find one scientist who disagrees with the great majority of them. But there is a prevailing, powerful consensus internationally that global warming is real. I see that consensus now being expressed in the Senate.

When Senator MCCAIN and I started on this effort to have America do something to reassert its moral leadership in the global battle to stop the planet from warming dangerously, some people said we were ''smoking something'' or that we were ''Chicken Littles.'' That has changed now. Now people are saying: Yes, we agree with you that there is a problem. But we think you are going at it the wrong way. You are trying to do too much too soon. I took heart from the statement by Senator DEWINE of Ohio, who came to the conclusion, based on thoughtful consideration, that the science tells him this planet is warming, and he doesn't want to look back at the end of his service and say he didn't do anything about it. He is not ready to support the bill. He has a couple of changes he wants to make. Senator DOMENICI basically said the same thing.

The science is compelling. Global warming is real. And colleague after colleague, including Senator FEINSTEIN of California, Senator AKAKA of Hawaii, Senator NELSON of Florida, has come to the floor and said that they see it in their statements. They see with their own eyes the impact that global warming is having. Senator CARPER brought pictures his friend had taken of glaciers melting over a period of years.

The question is, Are we going to change quickly enough to deal with this problem before it has catastrophic consequences? The science is real. Costs? Well, again, you could find economists—the old line is if you lined up end by end all the economists in the world, they would not reach a conclusion. An MIT study said if our amendment was adopted, it would add $20 a year per household to the cost of living. Isn't that worth it to save our children and grandchildren on this planet so they can enjoy it as we have?

Times are changing in the business community. Listen to Wayne Brunetti, CEO and chairman of Xcel Energy, Inc., who says:

> Give us a date. Tell us how much we need to cut. Give us the flexibility to meet the goals, and we will get it done.

Linn Draper, former chairman and CEO of American Electric Power, says:

> Climate change is a challenge facing both business and policymakers. Early action represents a commonsense approach that can begin the process of lowering emissions along a gradual, cost-effective glidepath.

Steve Percy, former chief executive of BP America, said:

> Some companies feel if we don't act soon in the United States, we may be missing out on opportunities to innovate and to develop the technologies that will address these problems in the future. On top of that, I think this is a recognition on the part of some of these leading companies that public opinion is slowly beginning to shift on these issues. They want to be able to say in the future that they were progressive on this issue.

Senator MCCAIN and I have worked a long time with a lot of people in the business and environment and scientific and political worlds to present this proposal. It is no more perfect than anything fashioned by human beings, but we think it is the only real opportunity the Senate will have in this session—on this bill certainly—to do something real about global warming. That is what this is about. Not only do you recognize that there is a problem—there is—are you willing to work to do something about it? If you are, you will vote for this amendment.

I quoted Jonas Salk yesterday when we began the debate, the discoverer of the polio vaccine. He said something to this effect: One of the most important things for anybody to do in life is to be a good ancestor. We must be good ancestors, which is to say that the generations who follow us will look back at us and ask: Were they good ancestors? Did they turn the world over to us in better condition than they received it. If we don't do anything about global warming, we are going to turn this world over to our children and grandchildren in a much worse condition than we received it. I end not with science, not with economics, not with politics because the times are changing, and eventually the Senate will change with those times and catch up with the reality and the American people. Finally, we are blessed to live on God's good Earth, and at the beginning in the Book of Genesis, God instructed Adam and Eve to not only work the garden but to guard it. We are working the garden but not guarding it as well as we should be.

This amendment will help us to do that.

I yield the floor.

The PRESIDING OFFICER. The minority leader.

Mr. REID. Mr. President, I will use my leader time.

Mr. President, global warming constitutes one of the greatest challenges of our time. I believe that. Greenhouse gas emissions from the burning of fossil fuels have threatened not only our environment but also our economy and public lands. Should we continue unabated our current rate of polluting, we threaten to disrupt the delicate ecological balance on which our livelihoods and our lives depend.

Addressing this growing environmental threat demands strong leadership. I am afraid such leadership has been sorely lacking by this administration. Instead, the White House has been doctoring information about global warming in reports by Government scientists. A White House senior official named Philip Cooney, removed or adjusted descriptions of climate change research that scientists had already approved. Mr. Cooney previously worked as a lobbyist for the American Petroleum Institute before joining the administration in 2001. A few days after resigning from the administration, Mr. Cooney had the audacity, and ExxonMobil had the misfortune and the inability to see how wrong they were, they hired him. ExxonMobil hired him—the same ExxonMobil that has opposed measures to reduce greenhouse gas emissions and has funded groups of global warming skeptics.

It is time for the administration to bypass the filtering by White House officials and hear directly from the scientists, the international community, corporations, and a growing number of Republicans who are calling for a Federal policy to reduce global warming pollution.

The President is increasingly isolated on this issue, as highlighted recently in a number of ways. First, in advance of the G8 summit next month, the National Academy of Sciences and the equivalent organizations from 10 other countries said last week:

> The scientific understanding of climate change is now sufficiently clear to justify nations taking prompt action. It is vital that all nations identify cost-effective steps that they can take now to contribute to substantial and long-term reduction in net global greenhouse gas emissions.

Even ''The Terminator,'' California Governor Arnold Schwarzenegger, recently said, ''The debate is over,'' and announced a goal of cutting the State's emissions by 80 percent by the year 2020.

A bipartisan group of mayors from 158 American cities issued a statement calling on the Federal Government to reduce global warming. The mayors, who represent 32 million people, acknowledged the clear public mandate to address this issue and opined that reducing greenhouse gas emissions will help ensure our energy security for this country.

Even industry is breaking ranks with the White House. General Electric, one of the largest companies in the Nation, if not the largest, recently joined a growing list of businesses calling on the Federal Government to provide stronger leadership on global warming. Fortune 500 companies, such as Alcoa, British Petroleum, DuPont, Eastman Kodak, IBM, Intel, Johnson & Johnson, and Nike, to name a few, have all made significant reductions in their greenhouse gas emissions.

The United States accounts for about 4 percent of the world's population. Yet it is responsible for more than 25 percent of the world's global warming pollution. U.S. leadership on global warming is critical to building international support for future global reductions, and America's industry needs to be part of the solution to drive the technology that will make technology solutions feasible to all nations. We must set the example.

The McCain-Lieberman amendment would cap greenhouse gas emissions in 2010 at 2000 levels and establish a mandatory economywide cap-and-trade program. The amendment would limit emissions of global warming pollutants by electric utilities, major industrial and commercial entities, and refiners of transportation fuels.

The amendment would allow businesses to devise and implement their own solutions using a flexible emissions trading system that has successfully reduced acid rain pollution under the Clear Air Act at a fraction of anticipated costs. By setting reasonable caps on emissions and permitting industry to trade in pollution allowances, this creates a new market for reducing greenhouse gases. We cannot afford to defer action to address global warming.

I commend and applaud these two great Senators for joining together to bring to the attention of the Senate a world problem that takes the United States, via example, to solve.

Mr. President, I ask for the yeas and nays on the amendment.

The PRESIDING OFFICER (Mr. COBURN). Is there a sufficient second?

There is a sufficient second.

The question is on agreeing to amendment No. 826, as modified. The clerk will call the roll.

The legislative clerk called the roll.

Mr. DURBIN. I announce that the Senator from North Dakota (Mr. CONRAD), and the Senator from North Dakota (Mr. DORGAN) are necessarily absent.

The result was announced—yeas 38, nays 60, as follows:

[Rollcall Vote No. 148 Leg.]

YEAS—38

| | | |
|---|---|---|
| Akaka | Gregg | Murray |
| Bayh | Inouye | Nelson (FL) |
| Biden | Jeffords | Obama |
| Bingaman | Johnson | Reed |
| Cantwell | Kennedy | Reid |
| Carper | Kerry | Rockefeller |
| Chafee | Kohl | Salazar |
| Clinton | Lautenberg | Sarbanes |
| Collins | Leahy | Schumer |
| Corzine | Lieberman | Snowe |
| Dodd | Lugar | Stabenow |
| Durbin | McCain | Wyden |
| Feinstein | Mikulski | |

NAYS—60

| | | |
|---|---|---|
| Alexander | Burr | DeMint |
| Allard | Byrd | DeWine |
| Allen | Chambliss | Dole |
| Baucus | Coburn | Domenici |
| Bennett | Cochran | Ensign |
| Bond | Coleman | Enzi |
| Boxer | Cornyn | Feingold |
| Brownback | Craig | Frist |
| Bunning | Crapo | Graham |
| Burns | Dayton | Grassley |
| Hagel | Lott | Smith |
| Harkin | Martinez | Specter |
| Hatch | McConnell | Stevens |
| Hutchison | Murkowski | Sununu |
| Inhofe | Nelson (NE) | Talent |
| Isakson | Pryor | Thomas |
| Kyl | Roberts | Thune |
| Landrieu | Santorum | Vitter |
| Levin | Sessions | Voinovich |
| Lincoln | Shelby | Warner |

NOT VOTING—2

| | |
|---|---|
| Conrad | Dorgan |

The amendment (No. 826), as modified, was rejected.

The PRESIDING OFFICER. The Senator from New Mexico.

Mr. BINGAMAN. Mr. President, I suggest the absence of a quorum.

The PRESIDING OFFICER. The clerk will call the roll.

The legislative clerk proceeded to call the roll.

Mr. BINGAMAN. Mr. President, I ask unanimous consent that the order for the quorum call be rescinded.

The PRESIDING OFFICER. Without objection, it is so ordered.

Mr. BINGAMAN. Mr. President, I understand Senators SPECTER and ALLARD would like to speak. I ask unanimous consent they be recognized to speak for up to 10 minutes each and I then be recognized to call up my amendment, numbered 866.

Mr. INHOFE. Reserving the right to object, do we have a time agreement on your resolution?

Mr. BINGAMAN. Mr. President, there is no time agreement entered. I am glad to enter into an hour-long time agreement, equally divided, if that is acceptable.

Mr. INHOFE. How about 20 minutes, equally divided, and I yield back my time.

Mr. BINGAMAN. I believe myself, Senator DOMENICI, and perhaps Senator SPECTER wish to speak on my amendment. I hesitate to limit it to 10 minutes if that is what the Senator is suggesting.

I suggest the absence of a quorum.

The PRESIDING OFFICER. The clerk will call the roll.

The legislative clerk proceeded to call the roll.

Mr. BINGAMAN. Mr. President, I ask unanimous consent that the order for the quorum call be rescinded.

The PRESIDING OFFICER. Without objection, it is so ordered.

Mr. BINGAMAN. Mr. President, let me restate the request. Senators SPECTER and ALLARD would like to speak. I ask unanimous consent they be recognized to speak for up to 10 minutes each. Following that, the Senator from Oklahoma and I would have time equally divided on the modified Bingaman amendment, numbered 866, and a vote would occur in relation to that amendment at 5:30, with no amendments in order.

Mr. WARNER. Reserving the right to object, I would like to get into the queue. I am here to accept the manager's request. My amendment is filed. The Senator from Tennessee is my cosponsor. Could we follow the Senator?

Mr. BINGAMAN. This is not a queue. This is a queue of one. We are just trying to get in a position to act on this amendment.

Mr. WARNER. I want to help the managers keep this bill moving. We would not require more than 30 minutes, equally divided.

Mr. DOMENICI. Just a moment.

The PRESIDING OFFICER. The Senator from New Mexico.

Mr. DOMENICI. Senator BINGAMAN is trying his best to get something called up we have agreed on. He is not in a position to agree. I am trying to put it together, and he is agreeing I should do that.

Would the Senator from Tennessee and you have an amendment with reference to windmills?

Mr. WARNER. That is correct.

This is offshore drilling.

Mr. DOMENICI. I don't want to do that. I would rather wait a while.

Mr. WARNER. If the distinguished manager would interpret what ''wait a while'' means.

Mr. DOMENICI. There are 100 amendments. You want to go in the middle of the 100? Do you want to go first?

Mr. WARNER. I am here to accommodate.

Mr. DOMENICI. I will take one at a time, sit down and organize at the table with you.

Mr. WARNER. If the distinguished manager would indicate, we could go tonight. I would be willing to wait all night.

Mr. DOMENICI. We are willing to try hard. Our leaders told us to stay here tonight and try to agree to some amendments. We will put you right there.

The PRESIDING OFFICER. Is there objection to the request by the Senator from New Mexico on his unanimous consent?

Mr. LAUTENBERG. Mr. President, if we are going to open up an opportunity for additional amendments, I have an amendment that has been sitting here.

The PRESIDING OFFICER. The question before the Senate, is there objection to the unanimous consent request by the Senator from New Mexico?

Mr. INHOFE. Reserving the right to object.

Mr. DOMENICI. Let Senator BINGAMAN——

The PRESIDING OFFICER. The Senator from Oklahoma.

Mr. INHOFE. I ask you restate the unanimous consent at this time. It is my understanding we would have time equally divided, between now and 5:30, at which time there would be a vote. I state my intention would be to move to table the Bingaman resolution.

The PRESIDING OFFICER. The unanimous consent request is for 10 minutes for Senator SPECTER and Senator ALLARD and 20 minutes equally divided between the Senator from New Mexico and the Senator from Oklahoma, with a vote time certain at 5:30. Is there objection?

Mr. ALEXANDER. Reserving the right to object.

The PRESIDING OFFICER. The Senator from Tennessee.

Mr. ALEXANDER. Could I ask the Senator from New Mexico, how do I get in the queue?

Mr. LAUTENBERG. Mr. President, I object.

Mr. DOMENICI. I suggest the absence of a quorum.

The PRESIDING OFFICER. The clerk will call the roll.

The legislative clerk proceeded to call the roll.

Mr. BINGAMAN. Mr. President, I ask unanimous consent that the order for the quorum call be rescinded.

The PRESIDING OFFICER. Without objection, it is so ordered.

Mr. BINGAMAN. Mr. President, could we have the unanimous consent request put to the Senate again.

The PRESIDING OFFICER. Is there objection to the unanimous consent request?

Mr. KERRY. Reserving the right to object.

Mr. INHOFE. Reserving the right to object.

Mr. BINGAMAN. Let me restate it for Senators who might not have heard it before: We recognize Senator SPECTER to speak for up to 10 minutes. We recognize Senator ALLARD to speak for up to 10 minutes. The remainder of the time, between now and 5:30, would be equally divided between the Senator from Oklahoma and myself in relation to the modified amendment that I have offered, amendment No. 866. There would be a vote at 5:30 on or in relation to amendment No. 866, as modified.

Mr. KERRY. Reserving the right to object; is there any proposal and/or agreement with respect to what happens after that?

The PRESIDING OFFICER. There is not.

Mr. BINGAMAN. Mr. President, I suggest the absence of a quorum once again.

The PRESIDING OFFICER. The clerk will call the roll.

The assistant legislative clerk proceeded to call the roll.

Mr. BINGAMAN. Mr. President, I ask unanimous consent that the order for the quorum call be rescinded.

The PRESIDING OFFICER. Without objection, it is so ordered.

Mr. BINGAMAN. Mr. President, let me restate the request. I ask unanimous consent that Senator SPECTER be recognized to speak for up to 10 minutes; Senator ALLARD from Colorado be recognized to speak for up to 10 minutes; and following that, I be recognized to present my amendment No. 866 and a modification of that amendment; that the time between then and 5:40 be equally split between myself and the Senator from Oklahoma; and that we would then have a vote at 5:40.

The PRESIDING OFFICER. Is there objection to the unanimous consent request?

Without objection, it is so ordered.

Mr. DOMENICI. A vote on or in relation to the amendment. He wants to table it.

Mr. INHOFE. I already indicated that.

Mr. DOMENICI. That is part of the consent request.

The PRESIDING OFFICER. Without objection, it is so ordered.

The Senator from Pennsylvania.

Mr. SPECTER. Mr. President, I thank my colleagues for the time. I appreciate the 10 minutes. I will try to reduce that time because I see the congested calendar here today.

Mr. President, I have sought recognition to comment, first, about the very serious situation with oil prices—approximating $60 a barrel now—and the average cost of gasoline across the country at $2.13. This is a problem which has beset the United States and the world for decades now. I remember with clarity the long gas lines in about 1973.

I have believed for a long time that we ought to be moving against OPEC under the laws which prohibit conspiracies and restraint of trade. I set forth, in a fairly detailed letter to President Clinton, on April 11, 2000, my recommendations for litigation by the Federal Government against OPEC, and I repeated it in a letter to President Bush dated April 25, 2001. I ask unanimous consent that both of these letters be printed in the RECORD at the conclusion of my statement.

The PRESIDING OFFICER. Without objection, it is so ordered.

(See exhibit 1.)

Mr. SPECTER. I was then pleased to see my distinguished colleagues, Senator DEWINE and Senator KOHL, introduce what is now S. 555, the No Oil Producing and Exporting Cartels Act of 2005, which was accepted by voice vote yesterday. What this bill does essentially is to codify the ability of the Government to proceed against OPEC under the antitrust laws.

It is my legal opinion, as set forth in the detailed letters to both President Clinton and President Bush, that the United States has that authority now, that it is not governmental activity when OPEC gets together and conspires, it is commercial activity. They do business in the United States. They are subject to our antitrust laws. And we should have moved on them a very long time ago.

It is my hope the DeWine-Kohl bill, which I cosponsored, which has come out of the Judiciary Committee and the Antitrust Subcommittee, will be retained in conference. It is always a touchy matter to have a voice vote as opposed to a rollcall vote where if the numbers are very substantial it may be that the amendment will be taken more seriously in conference than if it is a voice vote. But I urge the managers to take the DeWine-Kohl amendment very seriously, which I have cosponsored. We ought to be moving against OPEC because of their cartel activity.

To that end, I voted earlier today for the Schumer Sense of the Senate amendment calling on the President to confront OPEC to increase oil production and vigorously oversee oil markets to protect the U.S. from price gouging. I supported the amendment even though I disagreed with another section calling for the release of oil from the Strategic Petroleum Reserve. While I recognize that the Sense of the Senate amendment is not binding, I believe the strong vote sends a signal to the Administration that there is support for action against OPEC.

I know the floor is going to be very crowded a little later, so I am going to take this opportunity to speak very briefly on the amendment which is offered by Senator BINGAMAN—cosponsored by Bingaman-Byrd-Specter. And I think Senator DOMENICI is going to join it as well.

I commend Senator BINGAMAN for his initiatives on the issue of our energy policy to try to cut down on emissions and to try to cut down on the problems of global warming. We have just had a vote on the amendment offered by Senator MCCAIN and Senator LIEBERMAN. We had a vote on it in the year 2003. It has always been a very attractive amendment.

I opposed it because I believe that it puts the United States at a very substantial economic disadvantage with other countries that are not compelled to comply. As a Senator from Pennsylvania, I have a duty to be specially concerned about what is happening in coal, what is happening in steel, but I think the thrust of it is something. The objectives need to be obtained.

The National Commission on Energy Policy published a report last year which deals with the problems of emissions reductions and the cap on emissions in trade so that one company may utilize the emission limit of another company. I have been in discussions with Senator BINGAMAN on that, and I am glad to see his amendment is moving forward at this time. I am pleased to be a cosponsor of his amendment. I believe this will take a significant step forward on the issue of global warming. It would always be desirable to move farther ahead in a more dramatic fashion, but I think this is a significant step forward.

I have been pleased to work with Senator DOMENICI. I compliment the chairman. And Senator BINGAMAN, the ranking member, I compliment him on a number of amendments which I think will strengthen the energy policy of the United States.

EXHIBIT 1

U.S. SENATE,
*Washington, DC, April 11, 2000.*

President WILLIAM JEFFERSON CLINTON,
*The White House,*
*Washington, DC.*

DEAR MR. PRESIDENT: In light of the very serious problems caused by the recent increase in oil prices, we know you will share our view that we should explore every possible alternative to stop OPEC and other oil-

producing states from entering into agreements to restrict oil production in order to drive up the price of oil.

This conduct is nothing more than an old-fashioned conspiracy in restraint of trade which has long been condemned under U.S. law, and which should be condemned under international law.

After some considerable research, we suggest that serious consideration be given to two potential lawsuits against OPEC and the nations conspiring with it:

(1) A suit in Federal district court under U.S. antitrust law.

(2) A suit in the International Court of Justice at the Hague based, perhaps, upon an advisory opinion under ''the general principles of law recognized by civilized nations,'' which includes prohibiting oil cartels from conspiring to limit production and raise prices.

(1) A suit in Federal district court under U.S. antitrust law.

A case can be made that your Administration can sue OPEC in Federal district court under U.S. antitrust law. OPEC is clearly engaging in a ''conspiracy in restraint of trade'' in violation of the Sherman Act (15 U.S.C. Sec. 1). The Administration has the power to sue under 15 U.S.C. Sec. 4 for injunctive relief to prevent such collusion.

In addition, the Administration should consider suing OPEC for treble damages under the ''Clayton Act (15 U.S.C. Sec. 15a), since OPEC's behavior has caused an ''injury'' to U.S. ''property.'' After all, the U.S. government is a major consumer of petroleum products and must I now pay higher prices for these products. In *Reiter* v. *Sonotone Corp.*, 442 U.S. 30 (1979), the Supreme Court held that the consumers who were direct purchasers of certain hearing aides who alleged that collusion among manufacturers had led to an increase in prices had standing to sue those manufacturers under the Clayton Act since ''a consumer, deprived of money by reason of allegedly anticompetitive conduct is injured in 'property' within the meaning of [the Clayton Act].'' Indirect purchasers would appear to be precluded from suit, even in a class action, under *Illinois Brick* v. *Illinois* 431 U.S. 720 (1977), but this would not bar the United States Government, as a direct purchaser, from having the requisite standing.

One potential obstacle to such a suit is whether the Foreign Sovereign Immunities Act (''FSIA'') provides OPEC, a group of sovereign foreign nations, with immunity from suit in U.S. courts. To date, there has been a ruling on this issue in only on case. In *International Association of Machinists* v. *OPEC*, 477 F. Supp. 553 (1979), the District Court for the Central District of California held that the nations which comprise OPEC were immune from suit in the United States under the FSIA. We believe that this opinion was wrongly decided and that other district courts, including the D.C. District, can and should revisit the issue.

This decision in Int. Assoc. of Machinists turned on the technical issue of whether or not the nations which comprise OPEC are engaging in ''commercial activity'' or ''governmental activity'' when they cooperate to sell their oil. If they are engaging in ''governmental activity,'' then the FSIA shields them from suit in U.S. courts. If, however, these nations are engaging in ''commercial activity,'' then they are subject to suit in the U.S. The California District Court held that OPEC activity is ''governmental activity.'' We disagree. It is certainly a governmental activity for a nation to regulate the extraction of petroleum from its territory by ensuring compliance with zoning, environmental and 'other regulatory regimes. It is clearly a commercial activity, however, for these nations to sit together and collude to limit their oil production for the sole purpose of increasing prices.

The 9th Circuit affirmed the District Court's ruling in *Int. Assoc. of Machinists* in 1981 (649 F.2d 1354), but on the basis of an entirely different legal principle. The 9th Circuit held that the Court could not hear this case because of the ''act of state'' doctrine, which holds that a U.S. court will not adjudicate a politically sensitive dispute which would require the court to judge the legality of the sovereign act of a foreign state.

The 9th Circuit itself acknowledged in its Int. Assoc. of Machinists opinion that ''The [act of state] doctrine does not suggest a rigid rule of application,'' but rather application of the rule will depend on the circumstances of each case. The Court also noted that, ''A further consideration is the availability of internationally-accepted legal principles which would render the issues appropriate for judicial disposition.'' The Court then quotes from the Supreme Court's opinion in *Banco Nacional de Cuba* v. *Sabbatino*, 376 U.S. 398 (1964):

It should be apparent that the greater the degree of codification or consensus concerning a particular area of international law, the more appropriate it is for the judiciary to render decisions regarding it, since the courts can then focus on the application of an agreed principle to circumstances of fact rather than on the sensitive task of establishing a principle not inconsistent with the national interest or with international justice.

Since the 9th Circuit issued its opinion in 1981, there have been major developments in international law that impact directly on the subject matter at issue. As we discuss in greater detail below, the 1990's have witnessed a significant increase in efforts to seek compliance with basic international norms of behavior through international courts and tribunals. In addition, there is strong evidence of an emerging consensus in international law that price fixing by cartels violates such international norms. Accordingly, a court choosing to apply the act of state doctrine to a dispute with OPEC today may very well reach a different conclusion than the 9th Circuit reached almost twenty years ago.

You should also examine whether the anticompetitive conduct of the international oil cartel is being effectuated, by private companies who are subject to the enforcement of U.S. antitrust laws (for example, former state oil companies that have now been privatized) rather than sovereign foreign states. If such private oil companies are determined to in fact be participating in the anticompetitive conduct of the oil cartel, then we would urge that these companies be mulled as defendants in an antitrust lawsuit in addition to the OPEC members.

(2) A suit in the International Court of Justice at the Hague based upon ''the general principles of law recognized by civilized nations.'' which includes prohibiting oil cartels from conspiring to limit production and raise prices.

In addition to such domestic antitrust actions, we believe you should give serious consideration to bringing a case against OPEC before the International Court of Justice (the ''ICJ') at the Hague. You should consider both a direct suit against the conspiring nations as well as a request for an advisory opinion from the Court through the auspices of the U.N. Security Council. The actions of OPEC in restraint of trade violate ''the general principles of law recognized by civilized nations.'' Under Article 38 of the Statute of the ICJ, the Court is required to apply these ''general principles'' when deciding cases before it.

This would clearly be a cutting-edge lawsuit, making new law at the international level. But there have been exciting developments in recent years which suggest that the ICJ would be willing to move in this direction. In a number of contexts, we have seen a greater respect for and adherence to fundamental international principles and norms by the world community. For example, we have seen the establishment of the International Criminal Court in 1998, the International Criminal Tribunal for Rwanda in 1994, and the International Criminal Tribunal for the former Yugoslavia in 1993. Each of these bodies has been active, handing down numerous indictments and convictions against individuals who have violated fundamental principles of human rights. For example, as of December 1, 1999 the Yugoslavia tribunal alone had handed down 91 public indictments.

Today, adherence to international principles has spread from the tribunals in the Hague to individual nations around the world. Recently, the exiled former dictator of Chad, Hissene Habre, was indicted in Senegal on charges of torture and barbarity stemming from his reign, where he allegedly killed and tortured thousands. This case is similar to the case brought against former Chilean dictator Augusto Pinochet by Spain on the basis of his alleged atrocities in Chile. At the request of the Spanish government, Pinochet was detained in London for months until an English court determined that he was too ill to stand trial.

The emerging scope of international law was demonstrated in an advisory opinion sought by the U.N. General Assembly in 1996 to declare illegal the use or threat to use nuclear weapons. Such an issue would ordinarily be thought beyond the scope of a judicial determination given the doctrines of national sovereignty and the importance of nuclear weapons to the defense of many nations. The ICJ ultimately ruled eight to seven, however, that the use or threat to use nuclear weapons ''would generally be contrary to the rules of international law applicable in armed conflict, and in particular the principles and rules of humanitarian law.'' The fact that this issue was subject to a decision by the ICJ, shows the rapidly expanding horizons of international law.

While these emerging norms of international behavior have tended to focus more on human rights than on economic principles, there is one economic issue on which an international consensus has emerged in recent years—the illegitimacy of price fixing by cartels. For example, on April 27, 1998, the Organization for Economic Cooperation and Development issued an official ''Recommendation'' that all twenty-nine member nations ''ensure that their competition laws effectively halt and deter hard core cartels.'' The recommendation defines ''hard core cartels'' as those which, among other things, fix prices or establish output restriction quotas. The Recommendation further instructs member countries ''to cooperate with each other in enforcing their laws against such cartels.''

On October 9, 1998, eleven Western Hemisphere countries held the first ''Antitrust Summit of the Americas'' in Panama City, Panama. At the close of the summit, all eleven participants issued a joint communique in which they express their intention ''to affirm their commitment to effective enforcement of sound competition laws, particularly in combating illegal price-fixing, bid-rigging, and market allocation.'' The communique further expresses the intention of these countries to ''cooperate with one another . . . to maximize the efficacy and efficiency of the enforcement of each country's

competition laws.'' One of the countries participating in this communique, Venezuela, is a member of OPEC.

The behavior of OPEC and other oil-producing nations in restraint of trade violates U.S. antitrust law and basic international norms, and it is injuring the United States and its citizens in a very real way. Consideration of such legal action could provide an inducement to OPEC and other oil-producing countries to raise production to head off such litigation.

We hope that you will seriously consider judicial action to put an end to such behavior.

ARLEN SPECTER.
HERB KOHL.
CHARLES SCHUMER.
MIKE DEWINE.
STROM THURMOND.
JOE BIDEN.

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UNITED STATES SENATE,
*Washington, DC, April 25, 2001.*

President GEORGE WALKER BUSH,
*The White House,*
*Washington, DC.*

DEAR MR. PRESIDENT: In light of the energy crisis and the high prices of OPEC oil, we know you will share our view that we must explore every possible alternative to stop OPEC and other oil-producing states from entering into agreements to restrict oil production in order to drive up the price of oil.

This conduct is nothing more than an old-fashioned conspiracy in restraint of trade which has long been condemned under U.S. law, and which should be condemned under international law.

After some research, we suggest that serious consideration be given to two potential lawsuits against OPEC and the nations conspiring with it:

(1) A suit in Federal district court under U.S. antitrust law.

(2) A suit in the International Court of Justice at the Hague based upon ''the general principles of law recognized by civilized nations.''

(1) A suit in Federal district court under U.S. antitrust law.

A strong case can be made that your Administration can sue OPEC in Federal district court under U.S. antitrust law. OPEC is clearly engaging in a ''conspiracy in restraint of trade'' in violation of the Sherman Act (15 U.S.C. Sec. 1). The Administration has the power to sue under 15 U.S.C. Sec. 4 for injunctive relief to prevent such collusion.

In addition, the Administration has the power to sue OPEC for treble damages under the Clayton Act (15 U.S.C. Sec. 15a), since OPEC's behavior has caused an ''injury'' to U.S. ''property.'' After all, the U.S. government is a consumer of petroleum products and must now pay higher prices for these products. In *Reiter* v. *Sonotone Corp.* 442 U.S. 330 (1979), the Supreme Court held that the consumers of certain hearing aides who alleged that collusion among manufacturers had led to an increase in prices had standing to sue those manufacturers under the Clayton Act since ''a consumer deprived of money by reason of allegedly anticompetitive conduct is injured in 'property' within the meaning of [the Clayton Act].''

One issue that would be raised by such a suit is whether the Foreign Sovereign Immunities Act (''FSlA'') provides OPEC, a group of sovereign foreign nations, with immunity from suit in U.S. courts. To date, only one Federal court, the District Court for the Central District of California, has reviewed this issue. In *International Association of Machinists* v. *OPEC*, 477 F. Supp. 553 (1979), the Court held that the nations which comprise OPEC were immune from suit in the United States under the FSIA. We believe that this opinion was wrongly decided and that other district courts, including the D.C. District, can and should revisit the issue.

This decision in Int. Assoc. of Machinists turned on the technical issue of whether or not the nations which comprise OPEC are engaging in ''commercial activity'' or ''governmental activity'' when they cooperate to sell their oil. If they are engaging in ''governmental activity,'' then the FSIA shields them from suit in U.S. courts. If, however, these nations are engaging in ''commercial activity,'' then they are subject to suit in the U.S. The California District Court held that OPEC activity is ''governmental activity.'' We disagree. It is certainly a governmental activity for a nation to regulate the extraction of petroleum from its territory by ensuring compliance with zoning, environmental and other regulatory regimes. It is clearly a commercial activity, however, for these nations to sit together and collude to limit their oil production for the sole purpose of increasing prices.

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Since the 9th Circuit issued its opinion in 1981, there have been major developments in international law that impact directly on the subject matter at issue. As we discuss in greater detail below, the 1990's have witnessed a significant increase in efforts to seek compliance with basic international norms of behavior through international courts and tribunals. In addition, there is strong evidence of an emerging consensus in international law that price fixing by cartels violates such international norms. Accordingly, a court choosing to apply the act of state doctrine to a dispute with OPEC today may very well reach a different conclusion than the 9th Circuit reached almost twenty-years ago.

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The behavior of OPEC and other oil-producing nations in restraint of trade violates U.S. antitrust law and basic international norms, and it is injuring the United States and its citizens in a very real way. We hope you will seriously consider judicial action to put an end to such behavior.

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ARLEN SPECTER.
CHARLES SCHUMER.
HERB KOHL.
STROM THURMOND.

MIKE DEWINE.

Mr. SPECTER. Mr. President, how much time of my 10 minutes remains?

The PRESIDING OFFICER. Four minutes 43 seconds.

Mr. SPECTER. I yield it back and ask for an appropriate credit. Thank you.

The PRESIDING OFFICER. So noted.

The Senator from Colorado is recognized.

Mr. ALLARD. Mr. President, I rise today to speak about the Energy bill which we are considering on the floor.

I am grateful to the majority leader and minority leader and to the leaders of the Energy Committee, for bringing this legislation to the floor. I want to especially commend Senator DOMENICI, chairman of the Energy Committee, for his leadership on this bill. He has worked tirelessly on this important legislation, and our Nation owes him a great deal of appreciation for his persistence.

Ongoing events, here in the United States as well as around the world, are daily reminders of how desperately our country needs a sound energy policy. One only has to pick up a newspaper or listen to the nightly news to know that our national security is one of the most important issues we are currently facing. And one only has to receive their monthly electric bill or drive past a gas station to know that our energy markets are in need of certainty and stability. This is the third Congress during which we have tried to pass an energy bill, and I say it is time to get it done.

I would like to first speak about oil shale, a promising fuel source found in abundance in the Rocky Mountain region. The oil shale in this region produces a very light crude, suitable to fill needs for jet fuel and other very pure fuels. During the last several years a handful of companies have worked to develop technologies that will allow for economically and environmentally feasible development of this resource.

Some of the oil shale resources lie under private lands, but much of it—certainly the richest deposit—is under Federal lands. This area, now under the purview of BLM, was formerly known as the Naval Oil Shale Reserve. I would remind my colleagues that, when my former colleague Senator Ben Nighthorse Campbell of Colorado, authored the legislation to transfer the Naval Oil Shale lands into the keeping of BLM, the legislation specified that the resource remain available for development. Congress recognized that BLM was in a better position to manage the publicly owned lands than was the Department of Energy, but we never intended to place the development of the resources in this area off limits.

The energy legislation we are considering here allows for small-scale demonstration projects. But I am also working with my colleagues, Senator HATCH and Senator BENNETT, on provisions that will help lead to commercialization after the demonstration projects have proven themselves.

It is a bad business practice to pour millions of dollars into research and development projects with no hint of assurance those projects will lead to commercialization. I believe it is important to give companies that are investing tens of millions of dollars into these research projects a proverbial light at the end of the tunnel.

As a founder and cochairman of the Renewable Energy and Energy Efficiency Caucus I am also supportive of incentives that are included in the legislation to continue moving the country's use of renewable resources forward. Technological advancements in solar, wind, geothermal, biomass, fuel cells, and hydro have made great strides. And increases in technology have led to decreases in price. Government has played an important role in the research that will help us reach our renewable technology goals, and we should continue to further those goals. The input and investments of the Federal Government have been vital in furthering industry and private sector involvement in the renewable field.

The National Renewable Energy Laboratory, often called NREL in Colorado, has made an incredible contribution, and has played a very important part in current technological advancements. The technologies being developed at NREL—whether providing alternative fuels and power, or making our homes and vehicles more energy efficient—are vital to our Nation's energy progress.

We must continue to provide incentives for the implementation of renewables use and for the infrastructure necessary to support these renewable sources. These technologies are a necessary step in balancing our domestic energy portfolio, increasing our Nation's energy security and advancing our country's technological excellence, and I believe this bill takes an important step in that direction.

It is my hope that Congress passes an energy bill this year. I think that we will be making a huge step in that direction when the Senate does pass this bill. In closing I extend my thanks and admiration to Senators DOMENICI and BINGAMAN, and their staffs, for the long hours and extreme dedication they have given to this matter. I must say that I believe that this is the best energy bill we have produced in a number of years, and I know there are many throughout the country, even on the other side of the Hill, who agree with me. The President is ready to sign an energy bill and I am hopeful that we are able to give him one in the very near future.

I yield the floor.

AMENDMENT NO. 866, AS MODIFIED

(Purpose: To express the sense of the Senate on climate change legislation.)

The PRESIDING OFFICER. The Senator from New Mexico.

Mr. BINGAMAN. Mr. President, as I understand it, under our unanimous consent agreement, it is now appropriate for me to call up amendment No. 866, as modified.

The PRESIDING OFFICER. That is correct. The clerk will report.

The assistant legislative clerk read as follows:

The Senator from New Mexico [Mr. BINGAMAN], for himself, Mr. DOMENICI, Mr. SPECTER, Mr. ALEXANDER, Ms. CANTWELL, Mr. LIEBERMAN, Mr. LAUTENBERG, Mr. MCCAIN, Mr. JEFFORDS, Mr. KERRY, and Ms. SNOWE, proposes an amendment numbered 866, as modified:

At the end of title XVI, add the following:

**SEC. 16___. SENSE OF THE SENATE ON CLIMATE CHANGE.**

(a) FINDINGS.—Congress finds that—

(1) greenhouse gases accumulating in the atmosphere are causing average temperatures to rise at a rate outside the range of natural variability and are posing a substantial risk of rising sea-levels, altered patterns of atmospheric and oceanic circulation, and increased frequency and severity of floods and droughts;

(2) there is a growing scientific consensus that human activity is a substantial cause of greenhouse gas accumulation in the atmosphere; and

(3) mandatory steps will be required to slow or stop the growth of greenhouse gas emissions into the atmosphere.

(b) SENSE OF THE SENATE.—It is the sense of the Senate that Congress should enact a comprehensive and effective national program of mandatory, market-based limits and incentives on emissions of greenhouse gases that slow, stop, and reverse the growth of such emissions at a rate and in a manner that—

(1) will not significantly harm the United States economy; and

(2) will encourage comparable action by other nations that are major trading partners and key contributors to global emissions.

Mr. BINGAMAN. Mr. President, I went ahead and allowed the clerk to complete the reading of the amendment because it is short and because it is important that Members focus on what is contained in the amendment. We just had a significant debate on the Senate floor with regard to the proposal made by Senators MCCAIN and LIEBERMAN to cap greenhouse gas emissions. Some voted for it because they believed that this was an appropriate proposal. Others voted against it—some because they did not believe the issue is a valid one; some because they did not believe the effect on the economy was one they would favor; others because of the workability of it.

I have worked with Senator DOMENICI during recent weeks to see if we could come up with a proposal based on the National Commission on Energy Policy recommendations which would have done some of the same things but would have been a more modest beginning at containing and constraining carbon emissions going into the atmosphere.

We were not able, frankly, to get agreement among enough Senators that the proposal, as currently drafted, is workable in all respects. Therefore, Senator DOMENICI has indicated here on the Senate floor that he will try to have hearings and that we will be able

in the next several months going forward to consider this with great deliberation in our Energy and Natural Resources Committee. There are other committees with jurisdiction as well over this same set of issues. I am sure they will have the opportunity to work on it.

The resolution that is before the Senate right now and that we are scheduled to vote on in another half hour is an effort to see if we can get agreement on some basic propositions. In my opinion, it is important that we demonstrate agreement on basic propositions in order that we can move ahead and deal effectively with this important and complex issue.

The propositions were as read. Let me go over them once again for my colleagues so that everyone knows what is contained in the resolution. Before I go through that, let me indicate the cosponsors of this resolution are Senators DOMENICI, SPECTER, ALEXANDER, CANTWELL, LIEBERMAN, LAUTENBERG, MCCAIN, JEFFORDS, KERRY, and SNOWE. I ask unanimous consent that they all be listed as cosponsors of the amendment.

The PRESIDING OFFICER. Without objection, it is so ordered.

Mr. BINGAMAN. The amendment is a sense of the Senate. It reads:

> Findings. Congress finds that greenhouse gases accumulating in the atmosphere are causing average temperatures to rise at a rate outside the range of natural variability and are posing a substantial risk of rising sea levels, altered patterns of atmospheric and oceanic circulation, and increased frequency and severity of floods and droughts.

I know this is an issue that some in this Senate disagree strongly with, and I am sure my colleague from Oklahoma will take great exception to this. I believe the science is well established that this is the case, and the National Academy of Sciences has stood behind that basic statement.

This is the second statement in the resolution:

> There is growing scientific consensus that human activity is a substantial cause of greenhouse gas accumulation in the atmosphere.

Again, we may have Members here in the Senate who disagree with that conclusion. They are certainly free to do that. But I hope a majority of the Senate agrees with it.

The third finding set out in this amendment is that ''mandatory steps will be required to slow or stop the growth of greenhouse gas emissions into the atmosphere.''

There are some who have spoken in the Senate today who have said that mandatory steps are not required, that this problem will be solved by voluntary action, that the marketplace is solving this problem as we speak, and we do not need to be concerned about enacting any kind of mandatory provisions. I respectfully disagree with that perspective. I respectfully suggest that this is an issue that is going to require action of a mandatory nature by this Congress, and we need to acknowledge that.

The final part of the amendment is the sense-of-the-Senate provision. It says:

> It is the sense of the Senate that Congress should enact a comprehensive and effective national program of mandatory, market-based limits and incentives on emissions of greenhouse gases that slow, stop, and reverse the growth of such emissions at a rate and in a manner that, No. 1, will not significantly harm the U.S. economy and, No. 2, will encourage other action and key contributors to global emissions.

I will point to two charts that are an outgrowth of the work of this National Commission on Energy Policy in order to indicate to my colleagues why we have the language of this provision written as it is.

This first chart is the Commission climate proposal timeline. What they have proposed in their recommendations is a system which has been criticized by some in the environmental community for being too weak and too modest. I can understand those criticisms. But it is a proposal that would slow the rate of increase of emissions for the first 10 years. Then about 2020, you would be into a period where emissions would no longer be growing, and then you would go into a phase where emissions would begin to decline.

As I say, some who are on the environmental side say that is too modest, we can't do that little. But others, of course, say it is too onerous, and we can't do that much. What we have tried to do with this sense of the Senate is to say, OK, some think it is too onerous, some think it is too much. Can we at least get agreement that we have to put in place some type of system, some type of mandatory limits that will, in fact, begin to slow the rate of emissions, eventually stop the rate of emissions, and bring emissions down? That is what we are trying to do.

There is one other chart I wish to show. That relates to the harm to the economy. I know that much of the discussion on the McCain-Lieberman amendment was that if we were to enact that amendment, it would have a devastating effect on the U.S. economy. I disagree with that. But I am suggesting that there are ways—and the National Commission on Energy Policy concluded that as well—that we can responsibly act to contain emissions and to constrain the growth of emissions without significantly affecting our economy in an adverse way.

This chart shows that graphically. What it basically shows is that the economy is expected to grow very dramatically between 2005 and 2025. You can see that the growth of the economy will be $312.47 trillion. That is business as usual. We asked the Energy Information Agency, which is part of our own Department of Energy and the executive branch of our Government, to model this and determine what they thought the effect of the National Commission's recommendations on greenhouse gas would be to those figures. How much would it impact the economy? They concluded that under the NCEP proposal, you would see a very slight reduction in the amount of growth in the economy. So over that 20-year period, it would be $312.16 trillion instead of $312.47 trillion of economic growth in this country. You cannot have a more modest proposal than that as far as impact on the economy.

I am not here trying to persuade Members that this is the only way to proceed. I am saying this is evidence that we can, in fact, design a proposal for constraining the growth in greenhouse gases that will not adversely affect our economy, and that is exactly what we should be about, is trying to put that into place.

This resolution is nothing but a sense-of-the-Senate resolution. But it is important that we pass it. In my opinion, it is important that we pass it because the Senate is on record in 1997 as voting unanimously against going forward with the Kyoto treaty. I was one of those who voted not to proceed with signing on to the Kyoto treaty. That does not mean we should not take this step. This step would be the responsible thing to do. It would say this Senate is resolved to move ahead and try to enact legislation that will deal with this serious problem. And we recognize that doing so will require some mandatory limits on emissions.

I know that is something some Members in the Senate do not agree with. It is my hope that a majority of the Senate does agree with that, and it is my hope that a majority of the House of Representatives will agree with it, and that eventually we can persuade the administration to agree with this point of view as well. We need to move ahead with this issue—the sooner the better. This is a responsible way to do so.

I very much appreciate the good faith with which my colleague, Senator DOMENICI, worked with me to see if there was something that could be jointly proposed to deal with this issue as part of the Energy bill. It was his conclusion—which is certainly understandable—that there was too much complexity involved at this point and too many unanswered questions for us to proceed with an amendment to solve the problem as part of the Energy bill.

But I am very pleased that he is willing to cosponsor this sense-of-the-Senate resolution, indicating that even though we are not able to do it as an amendment to the Energy bill, we can in fact plan to go ahead.

Mr. President, with that, I will reserve the remainder of my time.

Mr. INHOFE. Mr. President, how much time remains on both sides?

The PRESIDING OFFICER. Senator BINGAMAN has 5 minutes 21 seconds, and Senator INHOFE has 17 minutes 22 seconds.

Mr. INHOFE. Mr. President, first of all, I know what a sense-of-the-Senate resolution is. Everybody here knows if you establish a position on a bill that is very meaningful, such as the bill

that was defeated—the McCain-Lieberman bill—you can turn around and vote for a sense of the Senate and play both sides. Essentially, I think that is what happened here.

Very clearly, a sense of the Senate doesn't do anything except offer cover. I would like to suggest that it would be difficult for me to imagine that anyone who voted in opposition to McCain-Lieberman a few minutes ago would turn around and support this because this is making four assertions that are not true. We have demonstrated very clearly that they are not true and nonscientifically based.

The first one is on the first page of the sense-of-the-Senate resolution. It says:

> Greenhouse gases accumulating in the atmosphere are causing average temperatures to rise at a rate outside the range of natural variability. . . .

We talked about this for 3 hours today. In fact, that is not true. If you are concerned about, for example, surface temperatures, we have climate research, published in 2004, that says overall averages of warming rates is overstated. This is due to significant contamination with land-based weather stations, which add up to a net warming bias at the global averaging level.

Then, on climate research of 2004, this study refutes common claims that nonclimatic signals in the weather station data have been identified and filtered out by the IPCC. That is the International Panel on Climate Control, which we talked about in the beginning of this. Again, we look at this, in terms of satellite data, as printed in the text of the central station publication in 2004:

> Substantial cooling has occurred in the lower stratospheric layer of the atmosphere over the past 25 years.

In other words, in the stratosphere, starting between 8 and 25 miles above the surface, it is not heating, it is actually reducing; the temperatures are reducing. This false conclusion that the stratosphere is warming should never have been published since the evidence was misinterpreted.

So we are saying something in this resolution that, quite frankly, is not true.

Second, it is ''posing a substantial risk of rising sea levels, altered patterns of atmospheric and oceanic circulation,'' hurricanes, and all that.

We have talked about this at some length today. First, if you talk about droughts, we have already talked about the surface temperatures and the fact that they are not increasing. The hurricanes in global warming, we spent time today talking about that. The foremost authority nationwide is a guy named Dr. Christopher Landsea. He says that hurricanes are going to continue to hit the United States on the Atlantic and Gulf coast, and the damage will probably be more expensive than in the past, but this is due to the natural climate cycles which cause hurricanes to be stronger and more frequent and rising property prices.

Obviously, it is going to cost more if you damage property that is increasing in value. He says that contrary to the belief of the environmentalists, reducing $CO_2$ emissions would not lessen the impact of hurricanes. The best way to reduce the toll hurricanes would take on coastal communities is through adaptation and preparation. I think we all understand that. Rising sea levels. We talked about this today, too. They always talk about this Tuvalu, the island supposedly that is going to sink into the ocean. John Daly, in the report that came out—I don't think anybody questions his credibility—says the historical record, from 1978 through 1999, indicated a sea level rise of 0.07 millimeters per year, where IPCC claims a 1 to 2.5 millimeter sea rise for the world as a whole, indicating the IPCC claim is based on faulty modeling. The national title facility based in Adelaide, Australia, dismissed the Tuvalu claims as unfounded. It goes on and on refuting that.

The next thing it says in this resolution is that the science is settled. I don't know how many times we have to say that, since 1999, the science that was assumed to be true, based on the 1998 revelation of Michael Mann on the very famous ''hockey stick'' theory, has been refuted over and over again. We have the energy and environment report that came out in 2003 that says the original Mann papers contain collation errors, unjustifiable truncations of extrapolation of source data, obsolete data, geographical location errors, incorrect calculations of the principal components, and other quality control defects. It goes on to say that while studying Mann's calculation methods, McIntyre and McKitrick found that Mann's component calculation used only one series in a certain part of the calculation said to be serious. They discovered that this unusual method nearly always produces a hockey stick shape, regardless of what information is put into it.

We had the charts out less than an hour ago. It is very clear that if you plot the temperature, as he did over the period of the last hundred years, it shows a fairly level line, until it comes to the 20th century, and it goes up. That is the blade on the hockey stick. That shows that temperatures start increasing after the turn of the century. What he failed to put on the chart was the medieval warming period, which was from about 1000 A.D. to 1350 A.D. During that time, nobody refutes the fact that temperatures were higher then than they are in this century.

The other thing, if all else fails, use logic. In the 1940s, when we had the dramatic escalation of $CO_2$ and methane and anthropogenic gases, this is what they are asserting causes global warming, but it precipitated a cooling period that started in the middle 1940s and went to the late 1970s. As we said an hour ago, the first page on the major publications around America, such as Time magazine, said we are now having an ice age coming. Everybody was hysterical. We are all going to die in an ice age. That is using the same logic that, if you are going to say it is due to anthropogenic gas, in the late 1940s, we had an 85-percent increase in that, and that precipitated not a warming period but a cooling period.

So you can take this and pick it apart. I kind of think it is going to pass because we had a lot of people who voted against the real thing which would have caused all of the economic damages. Now it is very safe to cover your vote by voting for something so you can answer your mail and say: Yes, that is all right. I voted for the sense of the Senate, saying we are going to do these things and accept the fact that, No. 1, the planet is heating; No. 2, it is due to anthropogenic gases, and therefore vote for me.

That is happening now. We understand that. It was also brought out by the Senator from New Mexico that the economic impacts are not all that great when dealing with global warming. I suggest to you they are very great. I cannot find a group that says they are not. Charles Rivers Associates. Sure, you can say the CRA is not a credible group. Nobody is going to say that because he is credible. They are saying if we had enacted the watered-down version of McCain-Lieberman, it would have cost the economy $507 billion in 2020, $525 billion in 2025. Implementing Kyoto would cost—and we are talking about this in the resolution—$305 billion in 2010; $243 billion in 2020. It would result in an annual loss per household of $2,780 by 2010. That means, for every household of four people, the average it is going to cost them. Don't let anyone tell you that the economic impact is anything but disastrous. When the CRA International studied the job loss, it stated that under the watered-down version, we would lose 840,000 U.S. jobs in 2010; 1.3 million jobs in 2020; and implementing the Kyoto would mean job loss in the economy of 2.4 million jobs in 2010 and 1.7 million jobs in 2020. Energy prices—this is the economy we are talking about—would increase. There would be a 28-percent increase for gasoline, a 28-percent increase for electricity, 47-percent increase for gas, and it would be astronomical in terms of the cost of coal. These are the things that we turned around and wisely voted down in a meaningful bill. And I don't question the sincerity of McCain-Lieberman. They really believe in this. Nonetheless, cooler heads did prevail, and now we have a cover vote and people will come forth and say I am voting for this in spite of the fact that I voted against you before. I will turn around and vote for this as a sense of the Senate. It means nothing in terms of legislation. We understand that.

Mr. President, I reserve the remainder of my time.

The PRESIDING OFFICER. Who yields time?

Mr. INHOFE. Mr. President, how much time is remaining?

The PRESIDING OFFICER. The Senator from Oklahoma has 5½ minutes.

Mr. INHOFE. I yield 3 minutes to the Senator from Missouri.

The PRESIDING OFFICER. The Senator from Missouri.

Mr. TALENT. Mr. President, I want to begin my brief statement by congratulating the managers of the bill for their good work in explaining the bill to this point. This is not a resolution I can support, but I acknowledge its good faith.

I point out that the resolution states, in the effective clause where it says what the sense of the Senate is, that we should ''enact a comprehensive and effective national program of mandatory, market-based limits on emissions,'' provided that—and subsection (1) says that ''will not significantly harm the United States economy.'' I read it and caught that word ''significantly.'' Evidently it is OK, under the resolution, to harm the American economy provided that it is not significant. I just wonder what the word ''significant'' means. Not significant may be if somebody else loses their job as a result of it. If I do not lose my job, it is not significant. I am wondering how much of GDP, how much of a loss of manufacturing jobs is significant. The estimates of the McCain-Lieberman amendment would be $27 billion annually as a direct cost. I wonder if that is significant.

High energy prices, which legislation of the kind envisioned by the resolution would cause, hurt the American economy. I do not want to do that. I do not want to vote for a resolution that presupposes it is OK to hurt the American economy. That is not the way to solve this problem.

I want us to start thinking not in terms of economic prosperity or environmental quality, I want us to think in terms of economic prosperity and environmental quality. It is not a question of more jobs or doing something about climate change. It is a question of more jobs and doing something about climate change.

Without prosperity, without growth, without the wealth that creates for the American people in their private lives, and also for the governments in this country—Federal, State, and local—we cannot defeat these environmental problems.

Most of them come down to a question of money. That is certainly the case in the State of Missouri. We have significant water quality issues. We need funds to solve those problems. If we have funds, we have to have revenue; to have revenue, you have to have growth; and you are not going to have growth if you are passing resolutions saying it is OK to harm the American economy, providing it is not significant.

I know the sincerity of the Senator in offering this amendment and others who are going to vote for this, but I ask them to get out of this mindset: We can solve the global warming problem, but we will do it with prosperity, not without prosperity.

I thank the Senator from Oklahoma for yielding.

Mr. ALEXANDER. I want to voice my support for the sense of the Senate resolution on climate change offered by Senators DOMENICI, BINGAMAN, and myself. I believe that there is a problem with global warming. And I believe that there will be a mandatory national program to reduce carbon emissions sooner or later. I will be prepared to vote for controls on this when it is clear how they will be implemented. For now, I support the market-based incentives approach to reducing carbon emissions proposed by Senator HAGEL and passed by the Senate yesterday. I do not expect us to be able in this Congress to put together a mandatory carbon reduction program, but I do expect to be working in hearings as soon as next month on this important issue.

The PRESIDING OFFICER. The Senator from New Mexico.

Mr. BINGAMAN. Mr. President, how much time remains on our side?

The PRESIDING OFFICER. There is 5 minutes 15 seconds remaining.

Mr. BINGAMAN. I yield that to my colleague from New Mexico, Senator DOMENICI.

The PRESIDING OFFICER. The Senator from New Mexico, the chairman of the committee is recognized.

Mr. DOMENICI. Mr. President, first I remind everybody that 2 years ago the President of the United States gave a speech on this subject. It was a very lengthy speech, but there are two provisions, which I do not have in front of me—so forgive me, I am not quoting, I am just stating to the best of my recollection.

In the second part of the speech, which I want to mention, the President said that we should proceed to reduce carbon greenhouse gases by 18 percent through 2012 on a voluntary basis, and thereafter we should use incentives and other ways to accomplish further reduction.

First, I think that means the President of the United States is saying we should reduce carbon greenhouse gases. In fact, he, in a sense, is saying that is a good thing. In fact, he said recently we are doing it. ''We are going to meet the goal,'' said the President.

When I was trying to put together a package, I was recognizing everything the President said, and I was recognizing that voluntary is the best way. Then I was saying: What if we do not get there when the voluntary time arrives?

So anybody who suggests there is nobody around who thinks this is a problem, why is the President saying we ought to reduce them if there is no problem? Are we just doing it because it is the flavor of the times? I don't think so. I think the President is saying we ought to get on with doing it. He thinks there is a way to do it, and he thinks voluntary is doing it, and I do not argue with him.

As a matter of fact, I think anybody who tries to start capping in any way one chooses to call capping early is mistaken because the United States of America is doing many things with many dollars on many fronts to reduce greenhouse gases.

The question is, Do we do anything if we are unsuccessful in achieving some goal? As I read what I have agreed to help Senator BINGAMAN with, it says there is a problem. It says we ought to do something to reduce the problem, and it is says precisely that ''it is the sense of the Senate that Congress''—it does not even say when—''that Congress,'' not next year, ''that Congress should enact a comprehensive and effective national program of mandatory, market-based limits.'' Then it says, ''and incentives on emissions of greenhouse gases,'' that do what? '' . . . that slow, stop, and reverse the growth of such emissions,'' and then it says—these are the goals, the concerns—that it will not significantly harm the economy.

One could say you should not put ''significantly'' in there because is some OK? What does ''significant'' mean? I say it means what we want it to mean. It just says something. Should we put in ''no more than one-half of 1 percent''? Then we would be prejudging what can be done. ''Significantly'' means to me something with which we can live and still have a very viable American growing economy but make some achievements in terms of diminution of carbon.

Then it says this will also encourage a comparable action by other nations that are trading partners of the United States. That is what we are trying to do.

Frankly, I know some will read more into this than is here, and I understand. I am not critical of anybody. Everybody has views on this issue.

I also hope those who understand what we voted on a little while ago—I spoke in opposition to it—I think I understand it as well as anybody. It received 38 votes. I did not vote for it.

Likewise, I am on this amendment because it is making a statement with reference to this issue. I, frankly, believe the time has come for some of us to make a statement regarding this issue, and I choose this one. Some others would say we want to be purely voluntary, and they could put in a sense of the Senate that we will remove as much carbon as we can, as soon as we can using all voluntary means, and that is a sense of a Senate. I would not be against that. I would say that is probably something good.

That is all I wanted to say. I thank the Senator for yielding me whatever time I have used. I yield the floor.

The PRESIDING OFFICER. The Senator's time has expired. The Senator from Oklahoma has 2 minutes 38 seconds.

Mr. INHOFE. How much time remains?

The PRESIDING OFFICER. There is 2 minutes 38 seconds remaining.

Mr. INHOFE. Mr. President, this has been a good debate. I would like to have the same debate of 3 hours, 4 hours as we talked on the McCain-Lieberman amendment on this amendment because it should be essentially the same thing. As I said before, it is not.

One point I neglected to mention, since they talk in the findings about what is happening in the Arctic, one of the reports we used specifically said that the temperature in the Arctic during the late thirties and early forties was greater than it is today.

In this brief time, I only repeat what the National Academy of Sciences stated in their written report—not in any kind of press release but their written report:

> . . . there is considerable uncertainty in current understanding of how the climate system varies naturally and reacts to emissions of greenhouse gases and aerosols. . . .
>
> . . . a casual linkage between the buildup of greenhouse gases and the observed climate changes in the 20th century cannot be unequivocally established.
>
> The IPCC Summary for Policymakers could give an impression that the science of global warming is settled, even though many uncertainties still remain.

That is the National Academy of Sciences.

Lastly, we are refuting not just if we adopt this resolution, which I think we will adopt because it is an easy vote for a lot of people and nobody is going to pay a lot of attention to a sense of the Senate, the fact is, we had 17,800 scientists in the Oregon petition who said:

> There is no convincing scientific evidence that human release of carbon dioxide, methane, or other greenhouse gasses is causing or will, in the foreseeable future, cause catastrophic heating of the Earth's atmosphere and disruption of the Earth's climate. Moreover, there is substantial scientific evidence that increases in atmospheric carbon dioxide produce many beneficial effects upon the natural plant and animal environment of the Earth.

If we adopt this amendment, we are saying that science that has been refuted is a reality.

The PRESIDING OFFICER. The Senator's time has expired. All time has expired.

Mr. INHOFE. Mr. President, I move to table the amendment and ask for the yeas and nays.

The PRESIDING OFFICER. Is there a sufficient second?

There is a sufficient second.

The question is on agreeing to the motion. The clerk will call the roll.

The legislative clerk called the roll.

Mr. MCCONNELL. The following Senator was necessarily absent: the Senator from Minnesota (Mr. COLEMAN).

Further, if present and voting, the Senator from Minnesota (Mr. COLEMAN) would have voted ''nay.''

Mr. DURBIN. I announce that the Senator from North Dakota (Mr. CONRAD), and the Senator from North Dakota (Mr. DORGAN) are necessarily absent.

The result was announced—yeas 44, nays 53, as follows:

[Rollcall Vote No. 149 Leg.]

YEAS—44

| | | |
|---|---|---|
| Allard | DeMint | Murkowski |
| Allen | Dole | Nelson (NE) |
| Baucus | Ensign | Roberts |
| Bennett | Enzi | Santorum |
| Bond | Frist | Sessions |
| Brownback | Grassley | Shelby |
| Bunning | Hagel | Smith |
| Burns | Hatch | Stevens |
| Burr | Hutchison | Sununu |
| Chambliss | Inhofe | Talent |
| Coburn | Isakson | Thomas |
| Cochran | Kyl | Thune |
| Cornyn | Lott | Vitter |
| Craig | Martinez | Voinovich |
| Crapo | McConnell | |

NAYS—53

| | | |
|---|---|---|
| Akaka | Feingold | McCain |
| Alexander | Feinstein | Mikulski |
| Bayh | Graham | Murray |
| Biden | Gregg | Nelson (FL) |
| Bingaman | Harkin | Obama |
| Boxer | Inouye | Pryor |
| Byrd | Jeffords | Reed |
| Cantwell | Johnson | Reid |
| Carper | Kennedy | Rockefeller |
| Chafee | Kerry | Salazar |
| Clinton | Kohl | Sarbanes |
| Collins | Landrieu | Schumer |
| Corzine | Lautenberg | Snowe |
| Dayton | Leahy | Specter |
| DeWine | Levin | Stabenow |
| Dodd | Lieberman | Warner |
| Domenici | Lincoln | Wyden |
| Durbin | Lugar | |

NOT VOTING—3

| | | |
|---|---|---|
| Coleman | Conrad | Dorgan |

The motion was rejected.

Mr. DOMENICI. Mr. President, I move to reconsider the vote and to lay that motion on the table.

The motion to lay on the table was agreed to.

CHANGE OF VOTE

Mr. BAUCUS. Mr. President, on rollcall No. 149 I voted ''nay'' but intended to vote ''yea.'' I ask unanimous consent that my vote be changed, as it will not affect the outcome.

The PRESIDING OFFICER. Without objection, it is so ordered.

(The foregoing tally has been changed to reflect the above order.)

The PRESIDING OFFICER. The question is on agreeing to amendment No. 866, as modified.

The amendment (No. 866), as modified, was agreed to.

Mr. DOMENICI. I move to reconsider the vote.

Mr. BINGAMAN. I move to lay that motion on the table.

The motion to lay on the table was agreed to.

The PRESIDING OFFICER. The Senator from New Mexico.

Mr. DOMENICI. On behalf of the leader, I wish to read a unanimous consent request regarding the lineup that we will follow henceforth.

Mr. BINGAMAN. Mr. President, before my colleague reads that, I ask unanimous consent that Senator COLLINS be added as an original cosponsor of the amendment we just agreed to.

The PRESIDING OFFICER. Without objection, it is so ordered.

Mr. DOMENICI. Mr. President, I ask unanimous consent that the Senate now proceed to the consideration of the following amendments: Senator ALEXANDER's amendment, which is at the desk and relates to wind, 30 minutes equally divided in the usual form; second, Senator KERRY's amendment, sense of the Senate on climate change, 30 minutes equally divided in the usual form.

I further ask unanimous consent that there be no second-degree amendments in order to the Alexander or Kerry amendments prior to the votes in relation to those amendments and that votes in relation to those amendments occur in a stacked fashion following the debate on both amendments.

Finally, I ask unanimous consent that following those votes, Senator WARNER be recognized in order to offer an amendment relating to OCS, with his part of the agreement subject to the approval of both leaders; further, there be 15 minutes for Senator LAUTENBERG and 15 minutes for Senator DOMENICI or his designee during the aforementioned debate.

Mr. REID. Reserving the right to object, I think this is fair. I would just note for the record, so there is no confusion, the reason we are concerned about the Warner amendment is we want to make sure that the Parliamentarian has a chance to look at the amendment prior to Senator FRIST and I making a decision on whether it should come up tonight.

Mr. WARNER. Reserving the right to object, I want to be totally cooperative with the leadership, and they have been open and candid with me regarding the very strong opposition to the Warner amendment. I would advise my colleagues, whether we could get that parliamentary ruling is still not clear. So I will consider the following as a substitute to the provisions relating to the Senator from Virginia; that is, that I be recognized to bring the amendment up, that at least one or two colleagues who are in opposition would then express their opposition and, following that, I will commit, as long as there are one or two who will speak in opposition, to state the case, then I will ask to withdraw the amendment.

Mr. NELSON of Florida. Reserving the right to object, I wish to make sure that the Senator from New Jersey and I are protected because I am not quite sure what the distinguished Senator from Virginia has requested. Originally, it was the unanimous consent request that the Democratic leader would have the right to object if a certain determination by the Parliamentarian occurs. That is the protection.

Mr. REID. If the Senator will yield, there is no one in this body—no one—I respect more than Senator WARNER, and I know he would never in any way do anything other than what he just said. What he said is, as long as someone comes and speaks in opposition to his amendment and if the Parliamentarian has ruled at that time, he will withdraw the amendment. For me, that is better than any unanimous consent agreement you could have.

Mr. NELSON of Florida. And further questioning of the Democratic leader, I think Senator WARNER said two people, two Senators could speak.

Mr. REID. Two, you and me or you and Senator CORZINE.

Mr. NELSON of Florida. All right.

Mr. REID. And it is regardless of the Parliamentarian making a decision as to what he said.

Mr. CORZINE. Reserving the right to object, I would like to hear the last statement by the distinguished Senator from Nevada. Did you say that regardless of the Parliamentarian's judgment, it will be withdrawn?

Mr. REID. He will withdraw the amendment.

Mr. CORZINE. Withdraw, precloture and postcloture?

Mr. REID. Senator WARNER does not play games.

The PRESIDING OFFICER. Is there objection? The Senator from Massachusetts.

Mr. KERRY. Is the vote up or down?

Mr. WARNER. Mr. President, would the Chair recite the request now as it relates to the section pertinent to the Senator from Virginia? I say to my colleagues, if you would be willing to each speak 5 minutes, I will take 5, 5 minutes each for the Senators from Florida and New Jersey in opposition, then I will move to strike the amendment.

Mr. DOMENICI. There is another Senator who wants to be recognized.

Mr. WARNER. All Senators will speak no more than 5 minutes on this matter.

Mr. MARTINEZ. If I may be recognized, I would like to speak for 5 minutes in opposition.

Mr. WARNER. All right. That is sufficient.

The PRESIDING OFFICER. Is there objection to the unanimous consent request?

Mr. KERRY. Reserving the right to object, I asked a question. Is the vote up or down?

Mr. REID. Votes in relation to your amendment. It could be some other motion, but we will get a vote on or in relation to your amendment.

The PRESIDING OFFICER. Is there objection to the unanimous consent request as modified by Senator WARNER?

Mr. CORZINE. Mr. President, I wish to say that I have nothing but the highest respect for the Senator from Virginia, and I fully appreciate that he is acting absolutely in good faith. I would like to hear what the unanimous consent is we are agreeing to so that once and for all, it is clear.

Mr. WARNER. Mr. President, I would also like 5 minutes for the distinguished Senator from Tennessee in favor of the amendment.

The PRESIDING OFFICER. With respect to the Warner amendment, there will be 5 minutes for Senator WARNER, 5 minutes for Senator ALEXANDER, 5 minutes for Senator NELSON, 5 minutes for Senator CORZINE, and 5 minutes for Senator MARTINEZ, after which he will withdraw the amendment.

Is there objection to the unanimous consent request?

Without objection, it is so ordered.

Mr. DOMENICI. I thank the Chair and Senator WARNER and all others who participated.

The PRESIDING OFFICER. The Senator from Tennessee is recognized.

Mr. ALEXANDER. Mr. President, would you advise me when I have consumed 7 minutes?

The PRESIDING OFFICER. We will.

Mr. ALEXANDER. Do I understand I have 15 minutes?

The PRESIDING OFFICER. The Senator is correct. The Senator has 15 minutes.

AMENDMENT NO. 961

Mr. ALEXANDER. Mr. President, today I am offering an amendment to protect our most scenic areas from unintended impacts by oversized wind turbines or windmills. I offer an amendment that is sponsored also by a number of other Senators, including Senators WARNER, LANDRIEU, MCCAIN, ALLEN, VOINOVICH, BROWNBACK, BYRD, and BUNNING, and that is also supported by the National Parks Conservation Association.

Let me begin by saying exactly what the amendment does and what it does not do.

No. 1, what the amendment says is no Federal subsidies for wind projects within 20 miles of most national parks, national military parks, national seashores, national lakeshores, or certain other highly scenic sites. We are talking about the Redwood National Parks in California, the Sequoia National Park, Yosemite National Park. We are talking about Mesa Verde in Colorado, Rocky Mountain National Park, Biscayne National Park in Florida, Yellowstone in Idaho, Acadia in Maine, Cape Cod in Massachusetts, Yellowstone in Montana, and Glacier. These are our national treasures. What we are saying is the taxpayers will not subsidize the building of these giant windmills within the view of those parks.

Second, there will be an environmental impact statement for any wind project within 20 miles of those sites.

Third, any community will have six months' notice before a wind project can be permitted.

Here is what the amendment does not do. It does not prohibit the building of any wind project. It does not affect any wind project already receiving subsidies. It does not give the Federal Energy Regulatory Commission any new authority. And it does not interfere with any private property right.

Why is this a concern? Here is the reason in a nutshell. The Federal Government, over the next 5 years, will spend $2 billion and, if we follow the recommendations of the Finance Committee, $3.5 billion subsidizing the building of giant windmills. These are not your grandmother's windmills. They are very large. There is one picture of it. Here is another one. This is just off Denmark, stretches over 2 miles. Here is an example. These are people up here on this turbine housing. One way we think of them in Tennessee in describing them is that you can fit just one into the University of Tennessee football stadium. It is the third largest stadium in the country. It would rise more than twice as high as the skyboxes, and its rotor blades would go from the 10-yard line to the 10-yard line.

My concern is not that there should not be any of these. It is just that we are, through Federal policy, changing our landscape, and we need to think about it now while we still can. All of the estimates are that the billions of dollars in subsidies we are spending will increase the number of these gigantic wind turbines from 6,700 today to 40-, 50-, or 60,000 over the next 10 or 15 years.

Here is what the National Parks Conservation Association has to say: Wind power is an important alternative energy. It deserves to be encouraged and promoted in areas where appropriate. At the same time, the principle that some of America's most special places could be adversely impacted by associated development is important to acknowledge and address.

The Environmentally Responsible Wind Power Act of 2005 helps elevate the importance of this principle and ensures the protection of these places.

What subsidies are we talking about? I just mentioned the $2 billion, the $1.5 billion more that is coming. We passed a renewable portfolio standard in the Senate. That is an additional subsidy. This is a brand new matter for most local governments to consider. It is causing consternation in cities from Kansas to Wisconsin to Vermont to Virginia where rural areas, many of them without land use planning, many of them without any expectation of this, suddenly find that in the most scenic areas we have in America, up go these massive, gigantic towers, and they are hard to take down.

Twenty years ago, when I was Governor of Tennessee, I passed a scenic parkway program. We took 10,000 miles of scenic parkways and we banned new billboards, new junkyards. No one thought much about it then. Everybody is enormously grateful today because these things will never come down unless they blow down, and when they blow down, there are often not people to pick them up. So if we fail to do something now, to put some sort of disincentive to damage the viewscape of our most scenic areas, we will never be able to change that. In the State of Tennessee, we only have 29 of these now put up by the Tennessee Valley Authority, but they are there for 20 years, and you can see the red flashing lights from 20 miles away on a clear night.

At other times in our debate on energy, I will be talking about the relative value of wind power. I am a skeptic, I will admit. You could string a swath of these gigantic windmills from

Los Angeles to San Francisco, and you would produce about the same amount of power that one or two powerplants would, and you would still need the powerplant because most people like to have their electricity even when the wind is not blowing and you can't store the electricity. And the amount of money that we are spending—$2 billion, $3 billion—is an enormous amount, and I think most colleagues are not aware of what we are doing with it. Once you put these windmills up, you have to build transmission lines through neighborhoods and back yards to carry it to some distant place. That is a debate for another day.

The fact of the matter is that we are spending billions of new dollars for gigantic windmills. What I would like for us to do in the Senate is recognize our responsibility to the American landscape and say at least we are not going to subsidize putting these windmills in between us, our grandchildren, and children, and the view of the Grand Canyon, the Statue of Liberty or the Smoky Mountain National Park or Cape Cod. I would think windmill advocates would want to do that.

This is a big country, a place where people can find plenty of places to put up gigantic windmills other than between us and our magnificent views. I don't think I need to spend much time. I will take 1 more minute, and I will go to the Senator from Virginia for 3 minutes.

Teddy Roosevelt said:

> There can be nothing in this world more beautiful than the Yosemite National Park's groves of the sequoias and redwoods, the Canyon of the Colorado, the Canyon of the Yellowstone, and the Canyon of the Three Tetons.

We don't drive down to the Smokies, out to the Tetons or to see the Grand Canyon to see a view like that. Put them where they belong. Let's not subsidize putting them in between us and the most magnificent views we have. Egypt has its pyramids, Italy has its art, England has its history, and we have the great American outdoors. It is a distinctive part of our national character, and we ought to protect it while we can.

That is why we have introduced this legislation, along with several other Senators who care. I hope my colleagues, whether they support wind power or whether they are a skeptic of wind power, will agree that we should not put these gigantic steel towers in between us and our most scenic treasures.

I yield 3 minutes to the Senator from Virginia.

Mr. WARNER. Mr. President, how much time does the Senator from Tennessee have?

The PRESIDING OFFICER. The Senator has been yielded 3 minutes. The Senator has 7 minutes remaining.

Mr. WARNER. Mr. President, I commend my good friend. I have for a long time stated, indeed, before the Committee on the Environment and Public Works, my concern about the wind situation. I am not against it, nor is my distinguished colleague from Tennessee. But we are moving toward—and with a tremendous Federal subsidy—a program by which industry, looking at the subsidy, cannot turn down the opportunity to put these mills wherever they want. I am concerned mostly about my shoreline of Virginia. This amendment would protect certain segments of that shoreline—from windmills being put in the proximity of the historic areas, marine areas, and the like.

If you look at how carefully America has proceeded toward the erection of power-generating facilities, whether it is coal-fired plants, gas-fired plants, wind, whatever it is, there is a very well-laid-out regulatory process. That doesn't exist for the potential of putting windmills offshore. It doesn't exist. I have tried hard to encourage the Congress of the United States to pass a regime comparable to what is taking place for other power-generating facilities to protect our environment, protect the taxpayer, and to enable wind to go forward but only where there is a clear justification and a protection of the environment. Now, they can go offshore under the Rivers and Harbors Act of 1899. They never envisioned, in 1899, the types of installations described by my colleague from Tennessee. There is nothing in there by which the States can gain any revenue for that wind generation offshore, as is now the case with oil and gas.

Should not my State, having taken the risk of allowing these things to go offshore, get some revenue? I think they should. Right now, it is free and open and, should they generate a profit, all of it goes into the corporate structure; not a nickel goes into the State. Mr. President, I thank my colleague for allowing me to join with him on this amendment.

The PRESIDING OFFICER. The Senator from Tennessee has 3 minutes 40 seconds.

Mr. ALEXANDER. I yield 2 minutes to the Senator from Kansas.

Mr. BROWNBACK. Mr. President, we have had a big debate about this in Kansas. We embrace wind power, wind generation. We will be a major benefactor and producer of wind energy. In the middle of the State, we have a tallgrass prairie, which is also in Oklahoma. This is really a majority of the untouched, unplowed, tallgrass prairie that remains in the United States. Over 90 percent is in a swathe between Kansas and Oklahoma. What we are asking and are part of in this bill is that those areas that are protected within the Flint Hills Refuge, the Tallgrass Prairie Preserve, and the Konza Prairie be within the designation areas that don't get the tax credits for the wind energy and the 20-mile radius around. That is responsible.

These are very key areas, and the impact on the viewscape around it is significant and important. That is why I am pleased to be part of and I support this amendment that my colleague from Tennessee has put forward. This is a responsible way to do it. We need to embrace wind power and generation but not in environmentally sensitive areas. This is a responsible way to do it. I am glad to support this amendment.

I yield the floor.

Mr. ALEXANDER. Mr. President, I ask the Senator from New Mexico if I may reserve my remaining time for just before the vote, and he also has a minute at that time. I ask unanimous consent to do that.

Mr. BINGAMAN. As I understand the request, the Senator would like us to go ahead with the argument in opposition.

Mr. ALEXANDER. Yes, and before the vote we would each have a minute.

Mr. WARNER. Reserving the right to object. I think you would need 3 minutes for this.

The PRESIDING OFFICER. The Senator has the right to reserve that time.

Mr. WARNER. At least 3 minutes.

Mr. BINGAMAN. I am glad to agree to whatever unanimous consent the Senator from Tennessee believes is appropriate once we conclude our debate.

The PRESIDING OFFICER. Would all Senators suspend to give us an opportunity to report the amendment.

The clerk will report.

The assistant legislative clerk read as follows:

> The Senator from Tennessee [Mr. ALEXANDER], for himself, Mr. WARNER, Ms. LANDRIEU, Mr. MCCAIN, Mr. ALLEN, Mr. VOINOVICH, Mr. BROWNBACK, Mr. BURR, and Mr. BUNNING, proposes an amendment numbered 961.

The amendment is as follows:

(Purpose: To provide for local control for the siting of windmills)

On page 697, between lines 6 and 7, insert the following:

**SEC. 1270A. LOCAL CONTROL FOR SITING OF WINDMILS.**

(a) LOCAL NOTIFICATION.—Prior to the Federal Energy Regulatory Commission issuing to any wind turbine project its Exempt-Wholesale Generator Status, Market-Based Rate Authority, or Qualified Facility rate schedule, the wind project shall complete its Local Notification Process.

(b) LOCAL NOTIFICATION PROCESS.—

(1) In this section, the term ''Local Authorities'' means the governing body, and the senior executive of the body, at the lowest level of government that possesses authority under State law to carry out this Act.

(2) Applicant shall notify in writing the Local Authorities on the day of the filing of such Market-Based Rate application or Federal Energy Regulatory Commission Form number 556 (or a successor form) at the Federal Energy Regulatory Commission. Evidence of such notification shall be submitted to the Federal Energy Regulatory Commission.

(3) The Federal Energy Regulatory Commission shall notify in writing the Local Authorities within 10 days of the filing of such Market-Based Rate application or Federal Energy Regulatory Commission Form number 556 (or a successor form) at the Federal Energy Regulatory Commission.

(4) The Federal Energy Regulatory Commission shall not issue to the project Market-Based Rate Authority, Exempt Wholesaler Generator Status, or Qualified Facility rate schedule, until 180 days after the date on which the Federal Energy Regulatory Commission notifies the Local Authorities under paragraph (3).

(c) HIGHLY SCENIC AREA AND FEDERAL LAND.—

(1)(A) A Highly Scenic Area is—

(i) any area listed as an official United Nations Educational, Scientific, and Cultural Organization World Heritage Site, as supported by the Department of the Interior, the National Park Service, and the International Council on Monuments and Sites;

(ii) land designated as a National Park;

(iii) a National Lakeshore;

(iv) a National Seashore;

(v) a National Wildlife Refuge that is adjacent to an ocean;

(vi) a National Military Park;

(vii) the Flint Hills National Wildlife Reserve;

(viii) the Tallgrass Prairie National Preserve;

(ix) White Mountains National Forest; or

(x) the Flint Hills Tallgrass Prairie Preserve or the Konza Prairie in the State of Kansas.

(B) The term ''Highly Scenic Area'' does not include—

(i) the Pueblo de Taos World Heritage Area;

(ii) any coastal wildlife refuge located in the State of Louisiana; or

(iii) any area in the State of Alaska.

(2) A Qualified Wind Project is any wind-turbine project located—

(A)(i) in a Highly Scenic Area; or

(ii) within 20 miles of the boundaries of an area described in subparagraph (A), (B), (C), (D), or (F) of paragraph (1); or

(B) within 20 miles off the coast of a National Wildlife Refuge that is adjacent to an ocean.

(3) Prior to the Federal Energy Regulatory Commission issuing to a Qualified Wind Project its Exempt-Wholesale Generator Status, Market-Based Rate Authority, or Qualified Facility rate schedule, an environmental impact statement shall be conducted and completed by the lead agency in accordance with the National Environmental Policy Act of 1969 (42 U.S.C. 4321 et seq.). If no lead agency is designated, the lead agency shall be the Department of the Interior.

(4) The environmental impact statement determination shall be issued within 12 months of the date of application.

(5) Such environmental impact statement review shall include a cumulative impacts analysis addressing visual impacts and avian mortality analysis of a Qualified Wind Project.

(6) A Qualified Wind Project shall not be eligible for any Federal tax subsidy.

(d) EFFECTIVE DATE.—

(1) This section shall expire 10 years after the date of enactment of this Act.

(2) Nothing in this section shall prevent or discourage environmental review of any wind projects or any Qualified Wind Project on a State or local level.

(e) EFFECT OF SECTION.—Nothing in this section shall apply to a project that, as of the date of enactment of this Act—

(1) is generating energy; or

(2) has been issued a permit by the Federal Energy Regulatory Commission.

The PRESIDING OFFICER. The Senator from New Mexico is recognized.

Mr. BINGAMAN. Mr. President, I reluctantly rise to speak against this amendment. I do so for some very basic and sound reasons. I will just mention a few of them.

No. 1, this amendment moves in the exact opposite direction of the legislation that is before us. I have been working with Senators DOMENICI and ALEXANDER and others on the committee to develop a piece of legislation that would provide for the energy future of the country, would encourage domestic development of energy from all sources, all available sources. We are encouraging development of clean coal, natural gas, nuclear power, oil resources, hydrogen technology, renewable fuels, electricity; and in each case, we have tried to simplify the process that a person or applicant has to go through in order to develop these resources and meet the needs of the country, as we see them.

We have also put incentives in this bill so as to further the development of these resources. This amendment, with regard to wind power, does just the opposite of that. It raises obstacles, and it says that we are going to make it more and more difficult for people to proceed with development of wind power projects. How does it do that? It goes through and it says we are going to, first of all, designate what we call highly scenic areas. Highly scenic areas are fairly broadly defined; they are any area listed as an official United Nations educational, scientific, cultural or World Heritage site, as supported by the Department of the Interior, National Park Service, and International Council of Monuments and Sites. Any lands designated as a national park, national lakeshore, national seashore, national wildlife refuge, national military park, Flint Hills—it goes on and on. It says if you are a highly scenic area, then a so-called qualified wind project, which is any wind turbine project located in a highly scenic area or within 20 miles of the boundary of various of these things I have listed here—then it says over here a qualified wind project shall not be eligible for any Federal tax subsidy.

That essentially says there are not going to be wind power projects constructed in any of these locations. I think if we have ever had a proposal that is a one-size-fits-all proposal, this is that. There are a great many of these sites. I point out, also, by way of just a historical note, I think this will be the first time, if this amendment is adopted, that the Congress has put in law a provision that essentially recognizes the significance of World Heritage sites designated by the United Nations. I remember debates on the floor in recent years where people objected to the whole notion that U.N. World Heritage sites were going to get some kind of special protection. In this amendment, we are saying they get special protection. We are not going to allow the construction of one of these wind projects within 20 miles of them.

To my mind, there are undoubtedly areas in this country where we don't want windmills. I agree. But I think that needs to be a decision that is made on the basis of the local circumstances, on the basis of the geography of the area, and I think what we are trying to do here is sort of pass a very broad prohibition against getting tax benefits. If you want to build a site that is within 20 miles of any of these things, then you are out of luck, as far as any Federal tax support. I think that is contrary to the whole thrust of the legislation. I think it is contrary to good sense. In my own State of New Mexico, we have several sites that are listed. I have a list that the Senator from Tennessee has been kind enough to give me called, ''Scenic Sites that are Protected by this Legislation.'' When you go down the list, in my State, you can see Carlsbad Caverns National Park. Well, I could conceive of the people in Carlsbad, NM, wanting a wind farm, a wind project within 20 miles of Carlsbad Caverns National Park. I can conceive of there being an area within that 20-mile radius that would be appropriate for a wind site. I don't know that that is the case, but I would hate to legislate a prohibition against it. The same with Chaco Culture National Historic Park and with Carlsbad Caverns National Park and the Pueblo de Taos, which has been exempted. I appreciate that.

The Senator from Tennessee—I mentioned to him there may be a desire on the part of people in the Taos area in my State to go ahead and have a wind project. I need to be legislating a prohibition against that—a prohibition on any Federal tax support in that circumstance. Each Senator can look at the list and see whether they want to do this to their home State. I think if people will look at this list carefully and get on the telephone and call back to their States, they may find this is not something they wholeheartedly embrace.

The Senator from Idaho, Senator CRAIG, has asked for 5 minutes. I yield him 5 minutes.

The PRESIDING OFFICER. There are 8 minutes 30 seconds remaining.

Mr. BINGAMAN. I will yield 5 minutes to the Senator from Idaho.

The PRESIDING OFFICER. The Senator from Idaho is recognized for 5 minutes.

Mr. CRAIG. Mr. President, I thank the Senator from New Mexico for yielding.

I do not stand up and speak against the Senator from Tennessee and the work he has done in this area lightly. I understand the process. I also understand that energy infrastructure is always sensitive. It is never quite near where you want it to be, and it is always where you do not want it to be.

The Senator from New Mexico has spoken very clearly on this issue. There will be no windmills built off Cape Cod. Why? Because it is being killed by the people of Massachusetts in the processes that are available now. There will be no windmills near Yellowstone or the Grand Canyon or in

scenic areas today. Why? Because the process recognizes it now. Whether it is local or whether it is national, try to get a windmill farm sited on Federal properties and you will find it nearly impossible anywhere because the moment one is suggested, the land either becomes precious because of antiquities or unique because it has some kind of holiness to a native group. That has gone on and on.

No one today in the wind farm business approaches siting windmills without caution. They already look for the very places where the wind is able to flow.

What we are suggesting with this amendment is not here, not there, not over here, and certainly not in my backyard, and if it gets close to my backyard, whoa, stop, back up, and let's look at it. That is what is being said by this legislation.

Yet this Nation, through the underlying bill, is rushing to get more energy of all kinds, except step back, take a deep breath and say: Not here, please, or not over there.

Caution is abounding. More wind farms are not being sited today by opposition of the public than are being sited. The Senator from Kansas talks about the tall grass prairie. There is a major battle going on in Kansas to stop it now, and it appears it will succeed.

I stood on the floor of the Senate the other day and spoke of public group after public group that is opposing siting, and they are using State law, as appropriate in this instance, to stop siting. So I do not believe this legislation is necessary.

Here we are encouraging the business of clean energy. Both the Senator from Tennessee and I are very interested in clean energy. I even agree with him that we may be overpromoting wind, but now we are standing up another tripwire and saying: No, there are going to have to be all kinds of new qualifications.

If you are a private property owner and you are within a 20-mile zone of this particular scenic area that is prescribed in this legislation, forget your private property rights—gone. And yet in most areas, that is the only place they are getting sited today.

Look at the wind troughs on the national maps and where they are on the Rocky Mountain front. Nearly every area is scenic, and if it is not scenic now, if this legislation passes, it will rapidly become scenic for the very simple reason that once they see these 320-foot, tip-to-tip windmills—they are awfully hard to site anyway—but we are creating and standing up a new Federal requirement and Federal restriction over a State process that appears at this moment to be quite thorough. That is why I oppose it. I think it is unnecessary.

We are in the business of advancing the cause of energy of all kinds—clean coal, wind, photovoltaic, nuclear. We are even improving the existence of current hydro. We are doing all of those things, and we are asking our States to be partners. But here the heavy hand of Government—the Federal Government—comes in. I think it is inappropriate. I do not think it is necessary. I think the process is working quite well now.

In a State such as mine where wind farms are being looked at now, our companies are approaching it very carefully and, in many instances—and it is nearly only Federal land on which you can get them sited—it is almost impossible to site on Federal land. Why? Because of the Environmental Policy Act, because of all the processes and safeguards we have already put in place. Therefore, I do believe this legislation is unnecessary. I think it is overkill.

I do not think we need to do it. We already have a very thorough, open, public process between our Federal Government as it relates to the National Environmental Policy Act, and State governments as it relates to their zoning requirements and/or the regulatory process they put siting through, through the utilities commission. I think that is adequate and necessary.

The PRESIDING OFFICER. The time of the Senator has expired.

Mr. CRAIG. I yield the floor.

The PRESIDING OFFICER. Who yields time? The Senator from New Mexico has 3 minutes.

Mr. BINGAMAN. Mr. President, let me speak for 30 seconds, and then I will yield to my good friend from Iowa, Senator HARKIN.

I do think, as the Senator from Idaho pointed out, that this does raise a very substantial obstacle to the construction of wind projects in a great many areas of the country about which we are somewhat uncertain. As I say, in my State I can conceive of areas near these scenic locations that would be appropriate for consideration as wind projects. I do think there is ample opportunity for local communities to object. There is ample opportunity for States to object.

My experience is the burden is on the applicant to persuade all of the local government and all of the State government entities that have some claim on this.

The PRESIDING OFFICER. The Senator has 1½ minutes remaining.

Mr. BINGAMAN. Mr. President, I yield the remainder of my time to the Senator from Iowa.

Mr. HARKIN. Mr. President, how much time is left?

The PRESIDING OFFICER. There is 1 minute 28 seconds remaining.

Mr. HARKIN. Mr. President, I rise in opposition to the Alexander-Warner amendment. Again, this amendment proposes to usurp local control. I find it hard to believe that those who argue States rights at the same time want to impose additional Federal regulations over local, county, and State jurisdictions.

This amendment is simply an assault on the continued development of wind energy. It singles out wind for additional scrutiny. If the sponsors are so concerned about protecting our scenic areas, shouldn't this amendment be applied to all technologies?

Some may say these turbines are unsightly. The Senator from Tennessee may believe they are unattractive. But many others believe them to be visually attractive as they drive down the highway.

I just recently drove through Oklahoma and saw all these wind turbines out on the prairies of Oklahoma, and they look beautiful spinning in the wind with no pollution, providing electricity for our homes, our schools, and our factories. Yet they are unattractive? Come on, give me a break.

This is a pathway to our energy independence. More wind energy—we can put them up in Iowa. If the Senator from Virginia does not want them in Virginia, we will put them in Iowa. We will put them in North Dakota, South Dakota, and we will be glad to ship the electricity we are making from the force of the wind.

I urge my colleagues to turn down this ill-advised amendment.

The PRESIDING OFFICER (Mr. THUNE). The Senator from Tennessee has 2 minutes remaining.

Mr. ALEXANDER. Mr. President, I reserve the remainder of my time until just before the vote.

The PRESIDING OFFICER. Without objection, it is so ordered.

Mr. BINGAMAN. Mr. President, can we make a unanimous consent request that the Senator will have his 2 minutes now, and in addition to that, we will have 2 minutes equally divided before the vote?

The PRESIDING OFFICER. Is there objection?

Mr. ALEXANDER. I have no objection, Mr. President.

The PRESIDING OFFICER. Without objection, it is so ordered.

Mr. ALEXANDER. Mr. President, this gives me a chance to clear up a couple of points.

I say to my friend from New Mexico, the United Nations isn't picking any of these sites. We picked 20 of these sites in the United States that we recommended to the world be designated as heritage sites.

Here is what we are talking about. We are taking billions of tax dollars—that is a debate for another amendment—billions of tax dollars, $200,000 per windmill. We should all resign the Senate and get in the windmill business. My friends on the other side say we are subsidizing the building of these windmills between us and the Grand Canyon, between us and Cape Cod, between us and the Smoky Mountains, between us and the Glacier National Park.

Ansel Adams and John Muir would be rolling over at the idea of our destroying the American landscape in this wholesale fashion. If we had a level playing field and we had no Federal Government involvement, that would

be another thing, but we are putting billions of dollars out there to do this. In the Eastern United States, they only fit in areas where there are scenic ridges. That is the Tennessee Gorge, the Shenandoah Valley, the foothills of the Great Smoky Mountains, and it is being said we should use taxpayer dollars to encourage that. This says no in the most highly treasured areas we have. It is sponsored by the National Parks Conservation Association. I would think every conservation group in America would be for this. I would think every wind developer would say, of course, we are not going to put wind there.

It prohibits nothing. It interferes with no private property right. It just says we are not going to spend taxpayer dollars putting gigantic steel towers between us and our view of the Statue of Liberty and the Grand Canyon. I would think that ought to be a vote of 100 to 0.

The PRESIDING OFFICER. The Senator's time has expired.

Under the previous order, the Senator from Massachusetts is recognized to call up an amendment where he is to be recognized for 30 minutes, equally divided, for 15 minutes each side.

AMENDMENT NO. 844

Mr. KERRY. Mr. President, I call up amendment No. 844.

The PRESIDING OFFICER. The clerk will report.

The assistant legislative clerk read as follows:

The Senator from Massachusetts [Mr. KERRY], for himself, Mr. BIDEN, Mrs. FEINSTEIN, and Ms. SNOWE, proposes an amendment numbered 844.

Mr. KERRY. Mr. President, I ask unanimous consent that the reading of the amendment be dispensed with.

The PRESIDING OFFICER. Without objection, it is so ordered.

The amendment is as follows:

(Purpose: To express the sense of the Senate regarding the need for the United States to address global climate change through comprehensive and cost-effective national measures and through the negotiation of fair and binding international commitments under the United Nations Framework Convention on Climate Change)

On page 768, after line 20, add the following:

**TITLE XV—CLIMATE CHANGE**

**SEC. 1501. SENSE OF SENATE REGARDING THE NEED FOR THE UNITED STATES TO ADDRESS GLOBAL CLIMATE CHANGE.**

(a) FINDINGS.—The Senate finds that—

(1) there is a scientific consensus, as established by the Intergovernmental Panel on Climate Change and confirmed by the National Academy of Sciences, that the continued buildup of anthropogenic greenhouse gases in the atmosphere threatens the stability of the global climate;

(2) there are significant long-term risks to the economy, the environment, and the security of the United States from the temperature increases and climatic disruptions that are projected to result from increased greenhouse gas concentrations;

(3) the United States, as the largest economy in the world, is currently the largest greenhouse gas emitter;

(4) the greenhouse gas emissions of the United States are projected to continue to rise;

(5) the greenhouse gas emissions of developing countries are rising more rapidly than the emissions of the United States and will soon surpass the greenhouse gas emissions of the United States and other developed countries;

(6) reducing greenhouse gas emissions to the levels necessary to avoid serious climatic disruption requires the introduction of new energy technologies and other practices, the use of which results in low or no emissions of greenhouse gases or in the capture and storage of greenhouse gases;

(7) the development and sale of such technologies in the United States and internationally presents significant economic opportunities for workers and businesses in the United States;

(8) such technologies can enhance energy security by reducing reliance on imported oil, diversifying energy sources, and reducing the vulnerability of energy delivery infrastructure;

(9) other industrialized countries are undertaking measures to reduce greenhouse gas emissions, which provide industries in those countries with a competitive advantage in the growing global market for such technologies;

(10) efforts to limit emissions growth in developing countries in a manner that is consistent with the development needs of the developing countries could establish significant markets for such technologies and contribute to international efforts to address climate change;

(11) the United States is a party to the United Nations Framework Convention on Climate Change adopted in May 1992, and entered into force in 1994 (referred to in this section as the ''Convention'');

(12) the Convention sets a long-term objective of stabilization of greenhouse gas concentrations in the atmosphere at a level that would prevent dangerous anthropogenic interference with the climate system;

(13) the Convention establishes that parties bear common but differentiated responsibilities for efforts to achieve the objective of stabilization of greenhouse gas concentrations;

(14) the Kyoto Protocol was entered into force on February 16, 2005, but the United States is not, nor is likely to be, a party to the Protocol;

(15) the parties to the Kyoto Protocol will begin discussion in 2005 about possible future agreements;

(16) an effective global effort to address climate change must provide for commitments and action by all countries that are major emitters of greenhouse gases, whether developed or developing, and the widely varying circumstances among the developed and developing countries may require that such commitments and action vary; and

(17) the United States has the capability to lead the effort against global climate change.

(b) SENSE OF THE SENATE.—It is the sense of the Senate that the United States should act to reduce the health, environmental, and economic risks posed by global climate change and foster sustained economic growth through a new generation of technologies by—

(1) participating in international negotiations under the Convention with the objective of securing United States participation in fair and binding agreements that—

(A) advance and protect the economic interests of the United States;

(B) establish mitigation commitments by all countries that are major emitters of greenhouse gases, consistent with the principle of common but differentiated responsibilities;

(C) establish flexible international mechanisms to minimize the cost of efforts by participating countries; and

(D) achieve a significant long-term reduction in global greenhouse gas emissions;

(2) enacting and implementing effective and comprehensive national policies to achieve significant long-term reductions in greenhouse gas emissions in the United States; and

(3) establishing a bipartisan Senate observer group, the members of which shall be designated by the majority leader and minority leader of the Senate, to—

(A) monitor any international negotiations on climate change; and

(B) ensure that the advice and consent function of the Senate is exercised in a manner to facilitate timely consideration of any future applicable treaty submitted to the Senate.

Mr. KERRY. Mr. President, I ask unanimous consent that Senator SNOWE be added as a cosponsor.

The PRESIDING OFFICER. Without objection, it is so ordered.

Mr. KERRY. Mr. President, I yield myself 7 minutes.

I will explain very quickly what this amendment does. We just voted a few moments ago a sense of the Senate that we should take mandatory action with respect to global warming in the United States. We did not specify what the action was. Obviously, the McCain-Lieberman mandatory action failed earlier, but we at least went on record accepting—I think it was about 54 votes on the tabling motion—that we should do something with respect to domestic. What my amendment seeks to do is express the sense of the Senate specifically, and let me quote from it:

. . . that the United States should act to reduce the health, environmental and economic risks posed by global climate change and foster sustained economic growth through a new generation of technologies by (1) participating in international negotiations under the Convention with the objective of securing United States participation in fair and binding agreements that (A) advance and protect the economic interests of the United States; (B) establish mitigation commitments by all countries that are major emitters of greenhouse gases . . . ) establish flexible international mechanisms to minimize the cost of efforts by participating countries; and (D) achieve a significant long-term reduction in global greenhouse gas emissions.

The whole purpose of this is to get the United States of America engaged in an international process that will get all nations simultaneously working toward the same goal. Let me remind my colleagues we have heard some questions about the science raised over the course of the last hours. Just yesterday the scientific evidence on climate change was addressed by the G8 scientific panels, all the panels of the G8, including our own National Academy of Sciences. All of these science academies of the G8 nations said that the evidence on climate change is now clear enough for the leaders of G8 to commit to take prompt action to reduce emissions of greenhouse gases.

I ask unanimous consent that this statement from the G8 science academics be printed in the RECORD.

There being no objection, the material was ordered to be printed in the RECORD, as follows:

CLEAR SCIENCE DEMANDS PROMPT ACTION ON CLIMATE CHANGE SAY G8 SCIENCE ACADEMIES

The scientific evidence on climate change is now clear enough for the leaders of G8 to commit to take prompt action to reduce emissions of greenhouse gases, according to an unprecedented statement published today (Tuesday 7 June 2005) by the science academies of the G8 nations.

The statement is published by the Royal Society—the UK national academy of science—and the other G8 science academies of France, Russia, Germany, U.S. Japan, Italy and Canada, along with those of Brazil, China and India. It has been issued ahead of the G8 summit in Gleneagles, Scotland.

The statement calls on the G8 nations to: ''Identify cost-effective steps that can be taken now to contribute to substantial and long-term reductions in net global greenhouse gas emissions.'' And to, ''recognize that delayed action will increase the risk of adverse environmental effects and will likely incur a greater cost.''

Lord May of Oxford, President of the Royal Society said: ''It is clear that world leaders, including the G8, can no longer use uncertainty about aspects of climate change as an excuse for not taking urgent action to cut greenhouse gas emissions.

''Significantly, along with the science academies of the G8 nations, this statement's signatories include Brazil, China and India who are among the largest emitters of greenhouse gases in the developing world. It is clear that developed countries must lead the way in cutting emissions, but developing countries must also contribute to the global effort to achieve overall cuts in emissions. The scientific evidence forcefully points to a need for a truly international effort. Make no mistake we have to act now. And the longer we procrastinate, the more difficult the task of tackling climate change becomes.

Lord May continued: ''The current U.S. policy on climate change is misguided. The Bush administration has consistently refused to accept the advice of the U.S. National Academy of Sciences (NAS). The NAS concluded in 1992 that, 'Despite the great uncertainties, greenhouse warming is a potential threat sufficient to justify action now', by reducing emissions of greenhouse gases. Getting the U.S. onboard is critical because of the sheer amount of greenhouse gas emissions they are responsible for. For example, the Royal Society calculated that the 13 percent rise in greenhouse gas emissions from the U.S. between 1990 and 2002 is already bigger than the overall cut achieved if all the other parties to the Kyoto Protocol reach their targets. President Bush has an opportunity at Gleneagles to signal that his administration will no longer ignore the scientific evidence and act to cut emissions.

On the U.K.'s efforts on climate change, Lord May said: ''We welcome the fact that Tony Blair has made climate change a focus for its presidency of the G8 this year. But the U.K. government must do much more in terms of its own domestic policy if it is to turn its ambitions to be a world leader on climate change into a reality. While the U.K. has managed to reduce its emissions of carbon dioxide, most of the cuts have been almost accidental rather than the result of climate change policies. Indeed, its emissions actually increased by over 2 percent in 2002—2003. Clearly the U.K. must take some tough political decisions about how it manages our ever-growing demand for energy at a time when it's vital that we cut our emissions of greenhouse gases.

''The G8 summit is an unprecedented moment in human history. Our leaders face a stark choice—act now to tackle climate change or let future generations face the price of their inaction. Never before have we faced such a global threat. And if we do not begin effective action now it will be much harder to stop the runaway train as it continues to gather momentum.

The statement also warns that changes in climate are happening now, that further changes are unavoidable and that, ''nations must prepare for them.'' In particular it calls for the G8 countries to work with developing nations to enable them to develop their own innovative solutions to lessen and adapt to the adverse effects of climate change.

Lord May said: ''We, the industrialized nations, have an obligation to help developing nations to develop their own solutions to the threats they face from climate change.''

Mr. KERRY. I emphasize to my colleagues, this sense of the Senate is not about Kyoto. It is not asking us to get involved in Kyoto. In fact, the diplomatic issue is no longer Kyoto yes or no. The world understands that we need to move beyond Kyoto. Kyoto is limited in time and in participation. Many of us, myself included, objected to that flaw in Kyoto because it left out many nations. We need to see that Kyoto, however, as a foundation for global cooperation with the principles of binding targets and emissions trading can serve as a blueprint for how to reduce those emissions. Other nations are ready to start a dialogue about the future.

Prime Minister Blair is capitalizing on his chairmanship of the G8 to press for broad cooperative action, but the United States alone stands silent and apart from this process. That has to stop. We cannot wait for Kyoto to expire in order to consider the next steps. We need to evaluate options now. We need to signal to the world that we are prepared to shoulder our fair share of the burden of dealing with this problem, and we need to put action behind our words, accepting the principle of binding pollution reduction as a critical way of engaging the developing world.

A number of proposals have been put on the table, from a G8 program to promote renewable energy, to technology funding, to development, to the framework convention. We do not suffer from a lack of ideas as to what to do. What we need is leadership, and the Senate has an opportunity to make a statement about that.

No climate change program is going to work without all of the nations of the world being involved, and no climate plan can pass Congress, obviously, that does not have their participation. Their emissions may be a fraction of what the developed world does now, but without action they are going to skyrocket and they would soon exceed the largest nation's emissions, and we cannot suffer that.

I had the privilege of going to Rio 13 years ago—I guess it was to the Earth Summit in 1992—which was the world's first effort to try to craft a global response to the threat of climate change. It was at those talks that the American delegation ultimately embraced the U.N. Framework Convention on climate change. As we know, in that agreement more than 100 nations, 13 years ago, accepted the scientific evidence that pollution is altering the composition of the atmosphere, and they set a voluntary goal to prevent dangerous anthropogenetic interference with the climate system. In other words, 13 years ago we as a country recognized, under President George Herbert Walker Bush, that climate change is a global problem in need of a global solution. We defined a global goal. We set a path for future negotiations. It was a small step, but it was a first step and it was progress.

Regrettably, after that, going to the year 2000 when President Bush took office, he had any number of options in front of him. He could have used the bully pulpit to push for greater participation from the largest emitters in the world. He could have focused on targets beyond 2012. He could have reached out to less developed countries and offered technical assistance and technology. He might have pushed for a more robust trading program or greater technology transfer, but he took a decidedly different tack contrary to the science. He flatly rejected the active approach of the prior administration and in many ways he even rejected the incremental approach, voluntary approach, of his own father. Instead, in the months after taking office, the President questioned the underlying science. He broke a campaign promise to cap carbon emissions from powerplants. He rebuked his EPA chief for positive comments about Kyoto. He proposed an energy plan that would increase pollution, and he withdrew from the protocol and the international process altogether.

If the Senate is prepared, as we just were, to embrace domestic efforts, at least in principle, we need to embrace the larger effort to reach out to the world and create a global approach so that all of us can avoid the potential downside of what scientists tell us is coming our way.

I reserve the remainder of my time.

The PRESIDING OFFICER. Who yields time?

The Senator from New Mexico.

Mr. DOMENICI. I yield such time as he may consume to the Senator from Idaho.

The PRESIDING OFFICER. The Senator from Idaho is recognized.

Mr. CRAIG. Mr. President, I will not take a great deal of time, but I want to visit this issue in the context that it has just been presented by our colleague from Massachusetts. First, I think it is awfully important to understand a couple of things that just have transpired that the Senator referenced as it relates to these National Academies of Science. On the surface, when

one reads that and sees that the G8 academies are all standing together, including ours, one would say, wow, that is a powerful statement. What I am terribly afraid has happened is that good academicians and scientists have in some way been co-opted and in this case possibly politicized.

Let me explain what I am talking about. It is terribly frustrating for me—and I trust it is for the Senator from Massachusetts—to see a group of scientists say one thing at one time and something else a little later.

After that statement came out, I asked Bruce Alberts, the president of our National Academy of Sciences, what was meant by this statement. In his reply to me, here is what he said:

> The press release is not an accurate characterization of the eleven academies' statement, and it is not an accurate characterization of our 1992 report. I have enclosed a copy of the letter that I sent yesterday to Dr. May, President of the Royal Society [who is pushing this initiative right now because, obviously, Prime Minister Blair is the chairman of the G8,] expressing my displeasure with their press release.

Here is what President May said in return to our own president of our own National Academy of Sciences:

> We've read what you said and we've read what you've written and we've chosen to interpret it differently.

Stop and think about that. Are scientists at the National Academy of Sciences, who we rely on, who we think have done credible work and are advancing the issue and building the science on climate change from the 1992 report to the path forward and beyond, recognizing there is an increase in temperature and saying there may be a direct relationship between that temperature rise and greenhouse gases? No, the collective academies jump to a different conclusion. And then the Royal Academy suggests that, well, we just do not interpret it the way you interpret your own work. It is one scientist saying: We know better what you have said than what you have said.

Here is exactly what Dr. Robert May, head of the Royal Academy, said:

> Given the very clear recommendations that your 1992 report contains for reducing greenhouse gas emissions, I fail to see how you could make the accusation that our press release misrepresents its contents.

Already there is a fight within the academies. Why? Because it was such a unique time to advance the political cause of climate change.

But what is the reality? Getting back to 1990 levels. Great Britain isn't there and can't get there now, and they are having to ask for greater credits. Italy, in Buenos Aires this winter, told me that because they had shut down a nuclear reactor, they were no longer 3 percent toward compliance, they were 12 percent away. Japan, at the time they ratified Kyoto, I believe was like 5 percent or 6 percent away from meeting 1990 standards. Now they are 13 or 14 percent away. If you are growing the economy under current technology, you can't get where you want to get.

It has been suggested that our President does nothing. Our President has done more to advance the cause of international cooperation than any President to date. We have just seen the Global Earth Observation System first in 1993 and another advancing in the United States generating international support to link thousands of individual technologies and assets together. There is a comprehensive global system coming together. That is nothing? Our Nation is spending $5 billion on new technology, more than all of the rest of the world combined on climate change, and we are sharing that technology with the world. That is nothing?

No, no, no, the record is quite different. And the record is accurate. There is a great deal going on out there. There is about $11 billion tied to this bill that is all about clean. All of this clean technology we are about to advance and cause to happen is transparent and transferrable and available for the world to have.

What is lacking in all of this? Why so much ado today about climate change? It is the politics that drive, not the science, and not the technology.

When we were in Buenos Aires, I actually had nations who have ratified come up to us and say: We know we cannot meet the standards. We know we cannot get to 1990. But if you could just be with us politically, it is so important.

I said: Why should we be for something that cannot get to? Why not join us in these cooperative efforts? Why not work with us in the new technology? Why do we have to have an international political statement to do something when we are already doing it?

That is what it is all about. I am not going to work at disputing any of the science. It is advancing, and we are getting to know a great deal more. The bill now attempting to be amended with a sense-of-the-Senate resolution is a bill that is the cleanest thing we have ever done for climate change. We advance more technology, we bring about more science than ever before. And we share it with the rest of the world.

What has happened is quite simple: The great groundswell of politics that grew out of the original Buenos Aires that took us to Kyoto, that tried to divide the world, failed. The environmental movement that first drove this failed. Why did they fail? Because they first said: World, turn your lights out. Third World, stay where you are. And the world collectively, nation by nation, has said: Can't go there. Just can't go there. We cannot deny our people a livelihood, opportunity, clean water, and pollution control. We cannot deny them management of their waste.

We need energy. How do we get there? Got to be clean. And it is getting clearer and cleaner and cleaner. Last year, we reduced our greenhouse gases by 2.3 percent. This year, it may be 3 or greater. We don't know yet. We are saying to the rest of the world: Come with us. We will share with you our technology. We will do all the right things. We are developing bilaterals.

This administration has moved very rapidly, working hand and glove with other nations of the world to take to them our technology, to share with them the cooperative nature and spirit that we enter into these kind of relationships. What is missing is the politics. We have not politically committed this country the way some would like, as the rest of the world went, as Russia finally was the final ratifier; and now they all turn and say: Well, we said it politically, but we cannot get there. What do we do now?

That is what the G8 is all about. That is what the debate is about. Let's get on with the business of advancing clean air technologies. Let's get on with the business of doing what we are doing. In this case, the political statements have little value compared to the great work that is in this marvelous piece of energy legislation called this comprehensive act.

The PRESIDING OFFICER. The Senator from Massachusetts.

Mr. KERRY. I yield myself 2 minutes.

Let me answer quickly that there is nothing at all in what the Senator just said that rebukes the process set forward in the sense-of-the-Senate effort. I cannot imagine the Senator is against us trying to find a fair and binding agreement. We are not talking about something unfair and unnecessary. I cannot imagine he would not want to advance and protect the economic interests of the United States, establish mediation agreements for those countries that are major emitters. With principles of common but differentiated responsibilities, this makes sense.

With respect to what he said about the National Academy of Sciences, I respectfully just plain flat disagree. They took a comment made by one group and sent it to the chairman whom he cited, who wrote back about that outside comment. That is not the comment made by the G8 themselves. Go to the Web site of the National Academy of Sciences tonight, and you will see the following statement on the Web site:

> The United States National Academy of Sciences join ten other national science academies today in calling on world leaders, particularly those at the G8 countries meeting next month in Scotland, to acknowledge that the threat of climate change is clear and increasing, to address its causes, and to prepare for its consequences.

That is the unequivocal clear finding of the National Academy of Sciences.

The fact is, the consensus hasn't failed on environment. The countries that signed on to Kyoto have ratified it and are implementing it. Are they going to meet the goals? I admit they are not going to meet the goals—we all

understand that—which is a good reason to go back to the table and begin to negotiate to arrive at an exchange of technologies, at an exchange of science, at a multinational global cooperative effort to try to avoid catastrophe if it presents itself.

Why the opponents want to keep turning their backs on the effort to find the best science and the best solutions is beyond comprehension. When you have scientists from all over the world, I think they would be insulted by the Senator's insult to their independent scientific inquiry.

They are doing what they are doing based on their life career efforts. I think we ought to respect the consensus of all those scientists on a global basis.

Mr. President, I yield myself an additional minute.

Finance ministers, environmental ministers, prime ministers, foreign ministers—all of them together in all these other countries have not put their political careers on the line and asked their countries to engage in something because it is a fool's errand. They have not suggested, as their scientists in all of those 100 nations plus, that this is scientifically a consensus for the sake of politics. It has risks, especially if it is found to be false.

I think we ought to listen carefully to what they have engaged in. I think most of our colleagues, indeed, are doing that.

Mr. President, I yield 4 minutes to the Senator from Delaware.

The PRESIDING OFFICER. The Senator from Delaware.

Mr. BIDEN. Mr. President, I say to my friend from Idaho, let me, as we lawyers say, argue in the alternative. He may be accurate, but it is irrelevant. He is making an argument that was appropriate when we were debating Kyoto. We are not debating that. All my friends and I and Senator LAUTENBERG and others—and Senator KERRY has been the leader on this issue—are saying is that there are some basic facts about global warming. It is real simple. The science is real. The effects are profound. Inaction is not an option.

We just finished passing, as my friend from Massachusetts said, a resolution, a sense of the Senate, saying domestically we have to take a look at this. That is a little bit like saying we can set up a firewall here where the impact on our health, the impact on our economy, the impact on our future is going to be able to be controlled somehow just by what we do here—the idea we are not going to reach out, particularly in the context of the inability of nations to meet the standards they signed on to Kyoto. This gives us another chance to do what we should have done in the first place: try to negotiate instead of walking away, try to negotiate something that is real.

The resolution's findings declare principles on which we can reach a broad, if not unanimous, agreement. There is no need to revisit the decision that was made at Kyoto. Whatever you make of that decision, it should have been the first step toward a new phase of international negotiations, not a repudiation of the notion of negotiations.

Let me conclude by saying one thing we know for sure: no agreement is going to work that does not include the United States. No agreement is going to work that does not include the United States, the largest current source; and the developing countries, such as China and India, Korea, Mexico, and Brazil, these countries will soon take over that dubious distinction.

Here is our chance to get back on the right side of history and to put the Senate, with its constitutional power to ratify treaties, on record as favoring a serious effort under which the Framework Convention on Climate Change, signed by President Bush, can be negotiated.

This resolution does not prejudge the outcome of those negotiations. We have to be creative, we have to recognize the many different ways we can begin to make real progress, to actually reduce greenhouse gas emissions, with the goal of stabilizing the still-growing human impact on our climate.

Rather than try to attack every aspect of this huge issue at once, we might consider approaches that looked at the transportation, or the power sector, as areas where regional or other multilateral agreements could put a real dent in business as usual.

We are going to have to accelerate the discovery and deployment of new technologies, ramping up public investments in education and research, harnessing the creativity of private markets to bring new products on line.

I ask my colleagues, what side of history will we be on? Should we cling to carbon until the last drop of fossil fuels is burned? Do we want our country to be the last one still dependent economically on 19th century combustion technologies, or the first one to dominate the energy technologies of the future?

The most innovative American companies, the ones that operate in a competitive international environment, are pleading with us to move our country into the future, to give them the certainty they need to make investments for the long term in technologies and products that reduce our dependence on fossil fuels.

The DuPont Company, from my own State of Delaware, is one of the best examples. By aggressively reducing their own greenhouse gas emission—by over 70 percent from 1990 levels—they have saved $2 billion in energy costs, added to shareholder value, and shown the way for other companies.

But they still wait for our Government to provide the predictable international system in which their early actions can get credit, in which market mechanisms such as emissions trading can have the best effect, in which they will not be undercut by less responsible competitors.

DuPont, and General Electric, and many other major corporations, are putting themselves on the right side of history. We need to back them up, for the simple reason that we need American firms, and the jobs and products they provide, to succeed in an increasingly competitive world.

Which side will we be on? Will we fear the future, or will we take charge of it?

This resolution puts us on the right side. It puts this Senate on record in favor of a constructive, responsible, fair, and effective approach to climate change in our international negotiations.

It is time for us to wake up to the realities of climate change to both the threat and the opportunity it presents. It is time for us return the United States to a leadership role in the international search for a solution to this international problem.

Our children are watching.

Mr. KERRY. Mr. President, I thank the Senator from Delaware and reserve the remainder of our time.

The PRESIDING OFFICER. Who yields time?

The Senator from New Mexico.

Mr. DOMENICI. Mr. President, how much time remains on each side?

The PRESIDING OFFICER. The Senator from New Mexico has 6 minutes 9 seconds; the Senator from Massachusetts has 1 minute 55 seconds.

Mr. DOMENICI. Mr. President, I yield myself 5 minutes.

The PRESIDING OFFICER. The Senator is recognized.

Mr. DOMENICI. Mr. President, I have read through the 6-page document that the distinguished Senator from Massachusetts has submitted as his proposal before the Senate.

I was wondering, as I read through—if you skip the first few paragraphs, you begin seeing the word ''Convention'' with a capital letter. I went back to see what that is. That is the Kyoto Convention.

Mr. KERRY. No, sir. The U.N. framework.

Mr. DOMENICI. Senator, would you like to address the Chair, please? Would you like to ask a question?

Mr. KERRY. Mr. President, I thought the Senator was asking a question. I apologize.

Mr. DOMENICI. I was not. I was looking here. I said: What is he asking us to do? I finally got down to where the Senator's amendment says: It is the sense of the Senate that we shall do these things, work first by participating in intergovernmental negotiations under the convention with the objective of securing United States participation, et cetera, et cetera.

I said: What is the convention? It is the U.N. Framework Convention. It says here. It produced Kyoto. That is what it says here. So I just want to remind the Senate, the Senator is suggesting that we ought to go back and join that convention and do something with the world so we can achieve something positive in global warming, the control of global warming gases.

Frankly, everybody here should know, if they did not, the Senator from New Mexico voted for the Bingaman amendment, which many on my side did not, because I believe we have a problem. I said that. I thought that at sometime the Congress should address it. But I surely do not support this resolution which, in a sense, says now the Senate ought to be talking about going back into negotiations with the world under an architecture that has failed us. As a matter of fact, it yielded a very big, powerful what I would call pompous ceremonial proposal called Kyoto, which nobody is going to follow that has any industrial capacity.

Now, maybe I should not say ''nobody,'' but very few nations. Most are trying to say: We would like to do it.

This Senate has said, 99 to 0, do not send us the treaty, Mr. President, because we are not going to do it. So I think the Senator—this is a good idea. It is a very excellent speech. His remarks are very admirable. But I do not believe we should today ask, through a sense of the Senate, that we go back to a convention architecture and enter into international agreements under its architecture, which yielded Kyoto, which I do not believe was very successful.

I do not think I want to debate it particularly. I have just seen charts as to what it would require of the United States, and we could never do it. How much the other proposals do that is far less, and we can hardly do those. But that is another case. Is Kyoto achievable? No. Did that convention architecture achieve anything significant? I do not think so. We had a great debate, talked a lot about some good things. Maybe some great scientists attended. But I do not think we really want to say it is the sense of the Senate that we should go back to that format. I hope we do not. As far as I am concerned, I will not vote for it.

I compliment the Senator again for the ideas expressed and the goals. But I do not think we should do this as a sense of the Senate.

I yield the floor and reserve whatever time I have.

The PRESIDING OFFICER. Who yields time?

Mr. KERRY. Mr. President, how much time do I have?

The PRESIDING OFFICER. The Senator has 1 minute 55 seconds.

Mr. KERRY. Mr. President, I yield myself 55 seconds.

The PRESIDING OFFICER. The Senator from Massachusetts.

Mr. KERRY. Mr. President, let me say, quickly, this resolution, I say to the Senator from New Mexico, is similar to language unanimously accepted—unanimously accepted—by the Senate Foreign Relations Committee in the 107th and 108th Congresses and language accepted by the full Senate, which the Senate included on April 23, 2002. It was first offered by Senator BIDEN and myself as an amendment during the Foreign Relations Committee markup of the Foreign Relations Authorization Act. The fact is, it then was modified and included in the Senate-passed Energy bill with a bipartisan initiative with Senators HOLLINGS, HAGEL, STEVENS, BYRD, LIEBERMAN, MURKOWSKI, BINGAMAN, SNOWE, and THOMPSON on April 23.

Now, I can say to the Senator, there is no way possible to deal realistically with the issue of global warming on an international basis unless we deal with other countries. You can go find a different forum, but if you did not have this forum, you would have to invent it. I think it is the best way to proceed.

I reserve the remainder of the time.

The PRESIDING OFFICER. Who yields time?

Mr. DOMENICI. Mr. President, how much time remains on both sides?

The PRESIDING OFFICER. The Senator from New Mexico has 2 minutes 41 seconds. The Senator from Massachusetts has 53 seconds remaining.

Mr. DOMENICI. I say to the Senator, would you yield back your time if I yield back mine?

Mr. KERRY. I would like to take the 53 seconds.

Mr. DOMENICI. Mr. President, I will reserve 53 seconds.

The PRESIDING OFFICER. The Senator form Massachusetts.

Mr. KERRY. Mr. President, this is not about Kyoto. I voted against the Senate proceeding on the Kyoto agreement, as did other Members here, in a near unanimous agreement, as a matter of fact, because we thought it was flawed because it did not have other countries involved.

This is an effort to put the Senate on record that we believe the science—yes, we have to believe it and move forward internationally. We even create a Senate bipartisan observer group appointed by the leaders of both sides so that they can report to the Senate on the effectiveness and propriety of what is happening.

This is a bona fide effort to try to deal realistically with the problem. The Senate has used the language before. I hope my colleagues will embrace it.

I yield back whatever time I have.

The PRESIDING OFFICER. The Senator from New Mexico.

Mr. DOMENICI. Mr. President, let me say to my fellow Senators, you have already as an institution, whether you voted for it or not, the Bingaman sense of the Senate. It said the Senate recognizes greenhouse gases are a problem. There is a scientific consensus that it is a problem, that we ought to do something about it through incentives and/or mandatory caps. So we are on record on that. This is not just an amendment saying we should have a bipartisan congressional group to observe international participation in some agreements. It is much broader than that. It talks about joining in a convention architecture with the world. I don't know what else it could be other than the architecture that was established under Kyoto because that is what it refers to. I don't think we need to do that.

I yield back time I might have. I guess we want the yeas and nays.

Mr. KERRY. Mr. President, I ask for the yeas and nays on the amendment.

The PRESIDING OFFICER. Is there a sufficient second?

There appears to be a sufficient second.

The yeas and nays were ordered.

The PRESIDING OFFICER. Under the previous order, there are 30 minutes evenly divided between the Senator from New Mexico and the Senator from New Jersey. Who yields time?

The Senator from New Jersey.

AMENDMENT NO. 839

Mr. LAUTENBERG. Mr. President, I call up amendment No. 839. I offer this amendment to this bill to protect the integrity of government science and research on global climate change. The amendment is cosponsored by Senators REID of Nevada, LIEBERMAN, JEFFORDS, and CORZINE.

We hear a lot of rhetoric these days by those who challenge climate change and the science that they supposedly use to back up their arguments. But the problem is that much of what they present is not science but, rather, fiction. And what we want to talk about tonight, as has been said many times, is the facts, just the facts, please.

When I see what is being presented to us, I want to show this placard. It is called ''the Cooney Triangle.'' It is an alliance between the American Petroleum Institute, the White House, and ExxonMobil. Cooney used to be a lobbyist for the American Petroleum Institute. Put simply, his job at the White House was to cast doubt on the scientific evidence that our climate is changing.

In 2001, Mr. Cooney went to work at the White House's Council on Environmental Quality. His mission at CEQ included editing reports by government scientists on global warming. And he tried to muddy the waters by interjecting uncertainty where, in fact, there is consensus.

About 2 weeks ago, Mr. Cooney left the White House to go to work for ExxonMobil, the most outspoken of all the oil companies in its rejection of the scientific evidence that global warming is occurring. I call this unholy alliance between API, the White House, and ExxonMobil the Cooney triangle.

What happens in the Cooney triangle is threatening our country. Bouncing from industry to government, back into industry—that is not new in Washington. We have had a revolving door policy for a long time. What is unprecedented is that industry lobbyists, such as Mr. Cooney, are no longer asked just to try to influence policy. Now they are given free rein to tamper with and distort the findings of professional scientists, including the National Academy of Sciences.

How it works is displayed in an article in the New York Times printed on June 8, 2005. It provides a graphic example of strikeouts and changes in the

wording of a report. While working at the White House, Mr. Cooney, who is not a scientist, edited out entire sections of U.S. reports on climate change. He didn't just alter the words, he altered the meaning of what government scientists had written. An example is included, obviously, in these revisions.

Mr. Cooney deleted an entire paragraph, taking out a description of global warming impacts widely accepted by scientists, calling it ''speculative findings,'' ''amusing,'' to use his quotes.

In the next example, he adds a made-up sentence about the need for research to reduce the significant remaining uncertainties associated with human-induced climate change.

Contrast that heavy-handed editing with what scientists are saying about global warming. In January, Oxford University led a number of world-renowned universities in the largest climate change experiment ever conducted. The researchers found that the threat of global warming appears to be worse than previously thought and that the Earth is warming at twice the rate previously understood.

There is a statement here from the National Academy of Sciences issued just 2 weeks ago. They say:

> The U.S. National Academy of Sciences joined 10 other national science academies today in calling on world leaders, particularly those of the G8 countries meeting the next month in Scotland, to acknowledge that the threat of climate change is clear and increasing, to address its causes, and to prepare for its consequences.

The date is June 7, 2005, not a month ago, put out by the National Academy of Sciences, a fairly respected group.

When taxpayers pay for objective scientific studies, they don't want the findings altered. We expect scientists to go where the facts lead them, not to follow predetermined ideologies. Yet the administration has an alarming tendency to disregard or even distort scientific research. We have seen it in these reports. Nowhere is this more evident than when it comes to global warming.

The front-page headline in USA Today last week said it all: ''The Debate is Over. The Globe is Warming.''

Our planet is warming up. It is being documented by scientists. But instead of addressing the real problem, the administration wants to edit the problem away by tinkering with scientific reports.

My amendment would help protect government reports on global warming and climate change from being altered for any reason, political reasons in particular.

Under my amendment, if a government report about climate change is altered by the White House, then a draft of the preedited version has to be made available at the same time that the final report is released. This way people can determine for themselves whether the scientific evidence about global warming is being ignored or disregarded by the administration. The amendment also extends whistleblower protection for government scientists. It is too bad they have to have that, but we want to be sure that they are free to speak up. It is time to make sure everybody knows about this war on science, especially when it comes to global warming.

The bottom line is that the oil industry lobbyists should not be rewriting scientific conclusions. My amendment will discourage such tampering in the future.

In a national survey last year, two-thirds of the Americans surveyed said government science should be insulated from politics. Nobel laureates, former Federal agency directors, and university presidents have all called for legislative action to restore scientific integrity to Federal policy-making. It is time to smash the Cooney triangle. It is time to demand greater transparency, a hallmark of democracy, on all scientific reports on our planet's climate.

As Russell Train, who served as EPA Administrator under Presidents Nixon and Ford, put it, the ''interest of the American people lies in having full disclosure of the facts.''

Under my amendment, if the administration wants to fly in the face of peer-reviewed science, it can still do it. But when the administration publishes a bogus report on global warming, my amendment will make it easier for the American people to separate science from fiction.

Mr. President, it is fairly obvious, by all kinds of physical evidence, that there is a warming taking place. If we see what happens in Antarctica or in the Arctic, and we see places changing their character, going from glacially covered ice mountains into pools and areas bare of any evidence of winter—the facts are there. They cannot be refuted. Yes, they can be altered. But we just want to know when the facts are changed. When the information is distorted in any way, we say, OK, you want to change them, but let the public know what the change is you are making.

I yield the floor, and I ask, how much time is left?

The PRESIDING OFFICER. The Senator from New Jersey has 5 minutes 9 seconds remaining.

Mr. LAUTENBERG. I thank the Chair.

The PRESIDING OFFICER. Who yields time? The Senator from New Mexico.

Mr. DOMENICI. As I understand it—did the Senator use all his time?

The PRESIDING OFFICER. The Senator has 5 minutes 9 seconds remaining.

Mr. DOMENICI. I ask the Senator from New Jersey, would he be disposed to yielding back his time if this Senator would yield all of my time now?

Mr. LAUTENBERG. If the Senator from New Mexico would want to yield time, I am happy to yield the remaining time that I have.

Mr. DOMENICI. I yield back whatever time we have on our side. I ask the question so I understand carefully. The Senator did not ask for any consent that we take any action. He just delivered a speech. I didn't miss anything by way of a request, did I?

The PRESIDING OFFICER. The Senator is correct.

Mr. DOMENICI. I yield back my time.

Mr. LAUTENBERG. We yield back our time.

Mr. DOMENICI. Mr. President, I suggest the absence of a quorum.

The PRESIDING OFFICER. The clerk will call the roll.

The legislative clerk proceeded to call the roll.

Mr. HARKIN. Mr. President, I ask unanimous consent that the order for the quorum call be rescinded.

The PRESIDING OFFICER. Without objection, it is so ordered.

AMENDMENT NO. 961

Mr. HARKIN. Mr. President, I understand there is a parliamentary situation that I have 1 minute, and I guess Senator ALEXANDER has 1 minute on the Alexander-Warner amendment.

The PRESIDING OFFICER. The Senator is correct.

Mr. HARKIN. Mr. President, I just ask one question. Why single out wind power? I ask my friends from Tennessee and Virginia, why not apply it to coal, coal-fired plants? Why not apply it to oil or gas? Maybe some people don't like seeing a smokestack out there on the horizon. Maybe people don't like to see the cooling towers of nuclear plants. Why not apply it to everything?

It seems to me some people are ready to drill in a wildlife area but not put a windmill within 20 miles. Why not apply it to transmission lines? We see big power transmission lines going across scenic areas, marring the views or vistas. Why not apply it to transmission lines?

Clearly, this amendment is aimed at wind power. I don't know why, but it is. I just say to restrict the development of the largest nonhydro renewable resource takes us in the wrong direction. So I ask my colleagues to please oppose the Alexander-Warner amendment and get on with building the windmills in Iowa, South Dakota, North Dakota, Minnesota, and all of the places that will give us clean renewable energy.

The PRESIDING OFFICER. The Senator's time has expired.

The Senator from Tennessee is recognized.

Mr. ALEXANDER. The answer to the Senator is the reason we are doing this is that he is advocating a national windmill policy instead of a national energy policy, which has spent billions on windmills. We ought not subsidize the destruction of our national treasures, such as the Grand Canyon, the Great Smokies, and we ought to tell people first.

This bill doesn't prohibit the building of any wind project, affect anything already going on, or give FERC any new

authority. The reason Senators ALEXANDER, WARNER, LANDRIEU, MCCAIN, ALLEN, VOINOVICH, BROWNBACK, BURR, and BUNNING all support it is because it says and the National Parks Conservation Association says no subsidies to destroy our views of our national treasures and more local controls.

Please vote yes.

I ask for the yeas and nays.

The PRESIDING OFFICER. Is there a sufficient second? There is a sufficient second.

The question is on agreeing to the amendment. The clerk will call the roll.

The legislative clerk called the roll.

Mr. MCCONNELL. The following Senator was necessarily absent: the Senator from Minnesota (Mr. COLEMAN).

Further, if present and voting, the Senator from Minnesota (Mr. COLEMAN) would have voted ''nay.''

Mr. DURBIN. I announce that the Senator from North Dakota (Mr. CONRAD), the Senator from Minnesota (Mr. DAYTON), the Senator from North Dakota (Mr. DORGAN), and the Senator from Vermont (Mr. JEFFORDS) are necessarily absent.

The PRESIDING OFFICER. Are there any other Senators in the Chamber desiring to vote?

The result was announced—yeas 32, nays 63, as follows:

[Rollcall Vote No. 150 Leg.]

YEAS—32

| | | |
|---|---|---|
| Alexander | Ensign | Murkowski |
| Allen | Frist | Santorum |
| Brownback | Graham | Sessions |
| Bunning | Gregg | Specter |
| Burns | Kyl | Stevens |
| Burr | Landrieu | Sununu |
| Cochran | Lott | Talent |
| Cornyn | Lugar | Vitter |
| DeMint | Martinez | Voinovich |
| DeWine | McCain | Warner |
| Domenici | McConnell | |

NAYS—63

| | | |
|---|---|---|
| Akaka | Dole | Lincoln |
| Allard | Durbin | Mikulski |
| Baucus | Enzi | Murray |
| Bayh | Feingold | Nelson (FL) |
| Bennett | Feinstein | Nelson (NE) |
| Biden | Grassley | Obama |
| Bingaman | Hagel | Pryor |
| Bond | Harkin | Reed |
| Boxer | Hatch | Reid |
| Byrd | Hutchison | Roberts |
| Cantwell | Inhofe | Rockefeller |
| Carper | Inouye | Salazar |
| Chafee | Isakson | Sarbanes |
| Chambliss | Johnson | Schumer |
| Clinton | Kennedy | Shelby |
| Coburn | Kerry | Smith |
| Collins | Kohl | Snowe |
| Corzine | Lautenberg | Stabenow |
| Craig | Leahy | Thomas |
| Crapo | Levin | Thune |
| Dodd | Lieberman | Wyden |

NOT VOTING—5

| | | |
|---|---|---|
| Coleman | Dayton | Jeffords |
| Conrad | Dorgan | |

The amendment (No. 961) was rejected.

Mr. CRAIG. I move to reconsider the vote.

Mr. DOMENICI. I move to lay that motion on the table.

The motion to lay on the table was agreed to.

AMENDMENT NO. 844

The PRESIDING OFFICER. The question is on the amendment by the Senator from Massachusetts, Mr. KERRY.

The Senator from New Mexico.

Mr. DOMENICI. I yield to the majority leader.

The PRESIDING OFFICER. The majority leader.

Mr. FRIST. Mr. President, for the information of our colleagues, the next vote will be the last vote of tonight. In fact, the next vote will be the last vote before the cloture vote tomorrow morning. The Democratic leader and I have not talked specifically about times, but we probably will come back in at 9 o'clock tomorrow morning and have the cloture vote at 10 o'clock.

As all of you know, the postcloture amendments will be germane amendments. Right now, the Parliamentarian is going through about 170 amendments to see what is germane and what is not. We make a request to our colleagues to talk to the managers tonight or very early on tomorrow about which amendments you feel strongly about offering.

People have asked about the schedule. We have really all day tomorrow. We could go into Friday on the bill, but if people really focus on it tonight and in the morning, we have a good shot at completing this bill tomorrow afternoon or tomorrow evening. Again, it is going to take everybody coming together and sorting through the amendments.

But this will be the last vote tonight, and the next vote will be the cloture vote at 10 o'clock tomorrow morning.

The PRESIDING OFFICER. The question is on agreeing to the amendment. The yeas and nays have been ordered. The clerk will call the roll.

The assistant legislative clerk called the roll.

Mr. McCONNELL. The following Senator was necessarily absent: the Senator from Minnesota, (Mr. COLEMAN).

Further, if present and voting, the Senator from Minnesota (Mr. COLEMAN) would have voted ''nay''.

Mr. DURBIN. I announce that the Senator from North Dakota (Mr. CONRAD), the Senator from Minnesota (Mr. DAYTON), the Senator from North Dakota (Mr. DORGAN), and the Senator from Vermont (Mr. JEFFORDS) are necessarily absent.

The PRESIDING OFFICER. Are there any other Senators in the Chamber desiring to vote?

The result was announced—yeas 46, nays 49, as follows:

[Rollcall Vote No. 151 Leg.]

YEAS—46

| | | |
|---|---|---|
| Akaka | Durbin | Lincoln |
| Baucus | Feingold | Lugar |
| Bayh | Feinstein | McCain |
| Biden | Gregg | Mikulski |
| Bingaman | Harkin | Murray |
| Boxer | Inouye | Nelson (FL) |
| Byrd | Johnson | Nelson (NE) |
| Cantwell | Kennedy | Obama |
| Carper | Kerry | Reed |
| Chafee | Kohl | Reid |
| Clinton | Lautenberg | Rockefeller |
| Collins | Leahy | Salazar |
| Corzine | Levin | Sarbanes |
| Dodd | Lieberman | Schumer |
| | Smith | Stabenow |
| | Snowe | Wyden |

NAYS—49

| | | |
|---|---|---|
| Alexander | Dole | Murkowski |
| Allard | Domenici | Pryor |
| Allen | Ensign | Roberts |
| Bennett | Enzi | Santorum |
| Bond | Frist | Sessions |
| Brownback | Graham | Shelby |
| Bunning | Grassley | Specter |
| Burns | Hagel | Stevens |
| Burr | Hatch | Sununu |
| Chambliss | Hutchison | Talent |
| Coburn | Inhofe | Thomas |
| Cochran | Isakson | Thune |
| Cornyn | Kyl | Vitter |
| Craig | Landrieu | Voinovich |
| Crapo | Lott | Warner |
| DeMint | Martinez | |
| DeWine | McConnell | |

NOT VOTING—5

| | | |
|---|---|---|
| Coleman | Dayton | Jeffords |
| Conrad | Dorgan | |

The amendment (No. 844) was rejected.

Mr. DOMENICI. Mr. President, I move to reconsider the vote.

Mr. MCCONNELL. I move to lay that motion on the table.

The motion to lay on the table was agreed to.

The PRESIDING OFFICER. The Senator from Virginia is recognized.

Mr. WARNER. I ask the Chair to advise the Chamber as to the pending business.

The PRESIDING OFFICER. The pending amendment is amendment No. 811, offered by the Senator from New York, Mr. SCHUMER.

Mr. WARNER. Mr. President, parliamentary inquiry.

The PRESIDING OFFICER. The Senator from Virginia will state it.

Mr. WARNER. Mr. President, it is my understanding that there was a unanimous consent put into order that following the votes, the Senator from Virginia would be recognized for a period of time, together with the Senator from Tennessee, the Senator from Florida, and the Senator from New Jersey, for the purpose of an amendment, which I understood was in order.

The PRESIDING OFFICER. The Senator has the right to proceed at this time.

Mr. WARNER. Is that under the unanimous consent, or is it that I just got the floor?

The PRESIDING OFFICER. Under the agreement.

Mr. WARNER. It is my understanding that the Presiding Officer stated incorrectly with regard to the Senator from New York; is that correct?

The PRESIDING OFFICER. The amendment of the Senator from New York is the pending business. But there is a unanimous consent order to allow the Senator from Virginia to go forth at this point.

Mr. WARNER. All right. I further inquire, is it appropriate for the Senator from Virginia to ask unanimous consent that the pending amendment be set aside so that I can proceed.

The PRESIDING OFFICER. The Chair notes that is not necessary at this point.

AMENDMENT NO. 972,

Mr. WARNER. I thank the Chair. This is somewhat unusual. We will proceed as directed by the Chair.

Mr. President, I first ask that the amendment at the desk be modified.

The PRESIDING OFFICER. Is there objection?

Mr. NELSON of Florida. Reserving the right to object, if the distinguished Senator from Virginia would please inform the Senate what is the modification.

Mr. WARNER. Mr. President, I modified it in such a way as to comport with the UC, whereby after I present the amendment, it can be withdrawn. That is the essence of it.

Mr. NELSON of Florida. I thank the Senator.

(The amendment No. 972 is printed in today's RECORD under ''Text of amendments.'')

Mr. WARNER. As I understand it, the Senator from Virginia has 5 minutes, the Senator from Tennessee has 5 minutes, and my colleagues in opposition have 5 minutes each.

First, I thank my colleagues for allowing me to proceed. There is a very strong opposition on both sides of the aisle to this amendment. I say to my colleagues that this amendment is important to have as part of the legislative history of this Energy bill—a bill that America has been waiting for for a very long period of time. Had I pressed on with certain parliamentary maneuvers, it could well have resulted in a filibuster. I have been here 27 years, and I think I have some understanding as to how to count votes and what is in the best interest of this Chamber. I did not want to precipitate that kind of parliamentary situation, particularly after the hard work of Senators DOMENICI and BINGAMAN and the leadership on both sides. But it is important.

It is important that this amendment reflect that there is a need in America to recognize that the potential for the offshore energy, be it gas or oil, is enormous, and that we as a nation must conscientiously put politics to one side and look at this, in the event that the energy crisis gets any worse for this country. We have no other recourse of any significant energy other than to go offshore. The distinguished Senator from Louisiana, in the course of this bill, will put on an amendment which recognizes, I think quite properly, that the States which have permitted offshore drilling and which are now producing essential energy for the U.S. be given a share of the revenue. It has my strongest support.

This amendment provides for the future, if other States so desire, to permit offshore drilling. They also can participate in the distribution of the proceeds from the oil and gas. It is entirely discretionary with the States. This amendment is designed to force no burden on any other State. If a State wishes to take those risks associated with drilling and the citizens accept that, and the legislatures accept it, then they should be entitled to the proceeds, or a portion of them.

In my State—and I am proud of it—the general assembly, this year, passed legislation urging that our State, through its Governor, begin to explore the possibility of acquiring the offshore drilling rights and revenues. The Governor, for reasons that he explained—and I do not say this by way of criticism—vetoed that. But I felt it important for the Senator from Virginia to stand and advise the Senate of the necessity to put in legislation to allow those States the option of deciding for themselves to do offshore drilling.

I reserve the remainder of my time.

The PRESIDING OFFICER. Who yields time?

Mr. WARNER. I yield 5 minutes to my distinguished colleague from Tennessee.

The PRESIDING OFFICER. The Senator from Tennessee.

Mr. ALEXANDER. Mr. President, I thank the Senator from Virginia. I am glad we have had this opportunity to discuss this issue tonight. I believe, if we had an opportunity to come to a vote, we would likely have a majority vote, more than 50 votes for the idea of giving more individual States the right to drill for natural gas offshore, the same right that four States already have.

Why would we do that? It is because the single most important thing that this Energy bill, which is a superb bill as it has been developed, can do for the American people is to lower the price of natural gas.

We talk a lot about gasoline at the pump, but by far the bigger problem for millions of American blue-collar workers, for millions of American farmers, and for millions of American homeowners is the high price of natural gas. To lower the price of natural gas, we have a number of provisions in our legislation.

One is conservation. We have very strong conservation. One is make electricity in new and different ways. We would like to encourage nuclear power, but new reactors are a few years away. We would like to encourage coal gasification and carbon sequestration, but that is a few more years away. We would like to bring in more natural gas from overseas, but that leads us down the same road on natural gas as on oil.

Part of our solution is to increase our supply at home, and we have a lot of it. But here is the price. If we think American jobs are going to stay in the United States when the price is $7 and headed up, when the price in Canada is $5.50, in the United Kingdom it is $5.15, and in Turkey it is $2.65, we are kidding ourselves. We are saying let's don't look for natural gas at home.

The Senators from Florida do not want natural gas from Florida, and neither do I, if they don't. And the Senators from North Carolina do not want it off the coast of North Carolina, and neither do I, if the Senators and the people of North Carolina don't. But what we have suggested in the amendments I have proposed, with Senator TIM JOHNSON in the national gas price reduction bill, and it would be before this legislation, and what the Senator from Virginia has said, is let them do it.

That would mean the Governor of Virginia could put a gas rig more than 20 miles out to sea. One gas rig would equal 46 square miles of these windmills that everybody seems to love. One gas rig, that you could not see, out to sea would bring you enough revenue to create in Virginia a terrific reserve fund for the university system and to lower the taxes, and it would bring to us in the United States a supply of gas to lower the price of natural gas so the workers at Tennessee Eastman can work in Kingsport, instead of flying to Germany to go to work, which is what they will have to do, and the farmers will not have to be taking a pay cut, and the homeowners can afford to pay their bills.

So we need to have, as part of our solution, an increased supply of natural gas. I believe there are 51 votes in this Chamber for that. We cannot get to a vote tonight, but I think we have made great progress. A year ago, we could not even get this body to agree to take an inventory of the natural gas we have offshore, and we have lots of it. This year we passed that inventory. A year ago, nobody would even speak about the idea of giving a State, such as Virginia or South Carolina or North Carolina, the option of deciding for itself that out on the water, where it cannot be seen, it bring in this resource and use it instead of raising taxes. I think that is an option a lot of Governors and legislatures are going to want.

We are contributing to the debate and moving in the right direction. Florida may want to not do it, but I predict there will be a day in Florida, 5 or 10 years from now, when somebody is going to say: We are going to have to have a State income tax. And somebody else will say: Well, maybe we can go 50 miles offshore, where nobody can see gas rigs, and drill for gas and avoid a State income tax and also contribute to the supply of natural gas in a way that would keep jobs in America, lower the cost for farmers, lower the cost for the auto companies, and lower the cost for homeowners.

Lowering the price of natural gas is the single most important thing this energy legislation can do right now for the American blue-collar worker, American homeowner, and American farmer. Having some new supplies of natural gas is a part of the solution, and giving States the option would be a good way to do it, in my opinion.

Mr. President, I ask unanimous consent to print in the RECORD a listing of companies and associations supporting expanded offshore development.

There being no objection, the material was ordered to be printed in the RECORD, as follows:

COMPANIES & ASSOCIATIONS SUPPORTING EXPANDED OFFSHORE DEVELOPMENT

Abitibi-Consolidated, Inc.; AFG Industries; Air Liquide; Air Products & Chemical Inc.; Albemarle; Alliance for the Responsible Use of Chlorine Chemistry (ARCC); American Chemistry Council (ACC); American Council for an Energy Efficient Economy (ACEEE); American Farm Bureau (AFB); American Fiber Manufacturers Association (AFMA); American Forest and Paper Association (AF&PA); American Gas Association (AGA); American Petroleum Institute (API); American Public Gas Association (APGA); Arkema, Inc.; Ashland Inc.; Associated Builders & Contractors (ABC); Association of American Railroads (AAR); BASF Corp.; Bayer Corporation; C. Brewer Co.; Cal-Mold, Inc.; Carpet & Rug Institute (CRI); Celanese; CF Industries; Chemical Council of New Jersey; Chemical Industry Committee, Tennessee Chamber of Commerce & Industry; Chemical Industry Council of Illinois; Chlorine Chemistry Council (CCC); Ciba Specialty Chemicals; Cinergy; Consumers Alliance for Affordable Natural Gas (CAANG); Council of Industrial Boiler Operators (CIBO); Crompton Corp.; Degussa; Delta Pacific Products, Inc.; DJNypro; Domestic Petroleum Council; Dow Chemical; Dow Corning Corp.; DuPont.

Dynisco; Eastman Chemical Company; The Energy Council; FMC Corporation; Forest Products Industry National Labor Management Committee; Georgia-Pacific Corporation; Guardian Industries Corporation; Hercules Incorporated; High Sierra Plastics; IGCC Coalition; Illinois Tool Works; INCOE Corporation; Independent Petroleum Association of America (IPAA); Industrial Energy Consumers of America (IECA); International Paper Company; Itech; Jatco, Inc.; Key Packaging; Longview Fibre Company; Louisiana-Pacific Corporation; Lyondell; Massachusetts Chemistry & Technology Alliance; MeadWestvaco Corporation; Merisol USA; Mid South Extrusion; Milacron Inc.; Mill Hall Clay Products, Inc.; National Association of Manufacturers (NAM); National Association of Regulatory Utility Commissioners (NARUC); National Corn Growers Association (NCGA); National Council of Farmer Cooperatives (NCFC); National Lieutenant Governors Association (NLGA); National Petrochemical & Refiners Association (NPRA); Natural Gas Council; New Mexico Oil & Gas Association; NOVA Chemicals, Inc.; Ohio Chemistry Technology Council.

Old Virginia Brick, Inc.; Pelican Products, Inc.; Pennsylvania Chemical Industry Council; PPG Industries; Praxair; Precise Technology; Pro Systems, LLC; Rayonier, Inc.; Rohm and Haas Company; 60 Plus Association; Setco, Inc.; Smurfit Stone Container Corporation; Society of the Plastics Industry; Solar Energy Industries Association (SEIA); Solutia; Southern Legislative Conference (SLC); Southern States Energy Board (SSEB); Spartech Corporation; Stora Enso North America; Styrotek Inc.; Temple-Inland Inc; Texas Chemical Council; Ticona; Tomah Products, Inc.; Trex Company; Tyco; United Southern; United States Combined Heat & Power Association (USCHPA); United States Conference of Mayors (USCM); Universal Dynamics; Versatech Inc.; Virginia Chemistry Council; Waverly Plastics; Wexco Corporation; Weyerhaeuser Company; and Xaloy Incorporated.

The PRESIDING OFFICER. The Senator's time has expired. The Senator from Florida.

Mr. NELSON of Florida. Mr. President, I would like to respond to the two distinguished Senators, for whom not only do I have a great deal of personal respect but personal affection, especially as my chairman of the Senate Armed Services Committee knows of my personal feelings about him.

I just want to point out where there is a flaw in the reasoning here for the States that have concerns that do not want the drilling off of their coast.

I can give again the arguments I have made ad infinitum on the floor of the Senate of why Florida does not want to do this. In the first place, the geology shows there is not very much oil and gas off Florida. They have had all kinds of dry holes over the last half century. But in everything in life, there are questions of tradeoffs, and is it worth the tradeoff that we would despoil a $50-billion-a-year tourism industry that depends on pristine beaches, not even to speak of the delicate coastline of the environment, such as the Ten Thousand Islands, with the mangroves, the Big Bend area of Florida. I could go on and on.

Clearly, as the chairman of the Senate Armed Services Committee knows, we have a unique national resource off our coast called ''restricted airspace,'' where we train our military pilots and where a lot of the training, with the shutdown of Vieques in Puerto Rico, is integrated with surface ships, and at the same time there would be oil rigs down there. That is not what I want to speak to. I want to speak to what the two Senators have said.

It seems, with all of this area in yellow that is under moratorium, it would be harmless off a State until you get to the specific language of the amendment which talks about the establishment of seaward lateral boundaries for coastal States to be set by the Department of Interior according to a guideline set by a Law of the Sea Treaty which was never ratified by the United States.

I want to give an example of what that line would be off the gulf coast of Florida. Here is Texas, Louisiana, Mississippi, Alabama, and here is the Alabama-Florida line on a latitude. But under that Law of the Sea Treaty that was never ratified by the U.S. Government, where would that line go for the State of Louisiana? It would come out here off the coast of Florida. That is what we are trying to protect against.

That is a major flaw of this amendment. This is what we have in Florida. I have not been able to get an updated photograph, but that is a photograph from Alaska.

There is a similar photograph that has not been processed in the photography room of what has just happened off the coast of Louisiana. That could happen right there to what is so precious in our State of Florida.

I yield the floor.

The PRESIDING OFFICER. The Senator from Florida.

Mr. MARTINEZ. Mr. President, I rise to speak in opposition as well. I again join with my colleague from Florida. I wish to speak again to a position that seems to continue to come up in this bill. Let me say, first, that I do respect the wishes of the Senator from Virginia about what they might do in the State of Virginia. I wish there were a simple way that we could simply say: Fine, drill in Virginia if you will, but do not do so in Florida. There just has not been a mechanism that has been devised, as my senior colleague, the Senator from Florida, has just pointed out, that would allow us to draw these seaward boundary lines in a way that would also protect the State of Florida. Particularly, I am talking about the area in the northwest part of our State around the area of Pensacola.

There is no question that the drilling that we discussed as such a benign event in fact is not because in this particular bill, part of the effort is going to be to allow the State of Louisiana and other coastal States, about five of them that are currently drilling, to benefit more fully in the royalties from the product that is being drawn from their coast. The fact is that they need that money to correct the environmental damage to their coastline. That is the slippery slope down which we in Florida do not want to go.

If this were totally benign, the people of Louisiana would not today be clamoring for assistance to rebuild their coast from all the damage and the trafficking and all of the things that go on with coastal offshore production.

In addition to that, I know the Senator from Tennessee speaks passionately about this issue, and I also give great deference to his judgment as someone who has served in many distinguished roles, particularly as Governor of his own State, and I understand that he did a terrific thing, which is bring in industry to that State that today may be threatened by the high price of natural gas. But let me also say that we know Florida. The senior Senator from Florida and I know Florida just as well as the Senator from Tennessee knows Tennessee. I do not think there will be a time when the State of Florida is going to be willing to accept an income tax or the State of Florida is going to be in the need of drilling off its coast in order to supplement the income of our universities. Always there is more money available. There are more ways to spend it.

The fact is, this is not an economic calculus that the State of Florida can make because we are too dependent on tourism. We are so dependent on our visitors. We are so dependent and so proud of the military presence on our coastline that desperately needs this area to conduct their training missions. This is one of the few areas in the world where the U.S. Armed Forces can train in joint operations on sea, land, and air all at the same time. That is because of the great expanse they have, this reserved airspace and the land adjacent to it.

So if there were an easy way that we could accommodate and allow for coastal drilling in the State of Virginia

while at the same time in no way tampering with Florida, that would be just fine. The language in this bill simply does not do that. What it does is open a door for the northwest coast of Florida to be threatened with coastal drilling.

I see the Senator from New Jersey is about to speak. I thank him for his participation with us in our endeavors to keep our coastlines clear of drilling. I know the Senator shares many of the same sentiments where so many of the people of his State are committed to keeping those coastlines free of drilling so that tourists can continue to come and enjoy the beaches of New Jersey as they do the beaches of Florida.

I yield the remainder of my time.

The PRESIDING OFFICER. The Senator from New Jersey.

Mr. CORZINE. Mr. President, I rise to speak against this amendment and the direction this amendment would take. I will try to give my reasons, but I very much respect and admire the courtesy the distinguished Senator from Virginia and others have provided so that we could have this debate. I believe it is truly one of those fundamental debates that we need to have with regard to both energy independence and how we look holistically at our economies and how our people will be able to continue to maintain their way of life, their quality of life, in its broadest context. This really gets at the heart of that matter as it relates to the people of New Jersey.

I actually believe, for folks up and down our coastlines and a lot of different areas, I could go through the 127 miles of coastline, the $31 billion of GNP we have in the State, the 800,000 jobs in the tourism industry. That is very focused in the State of New Jersey. But the reality is that we have made other choices with regard to energy independence that I think and many think could attack that need that the distinguished Senator from Virginia so ably talked about, that we need to protect America's role and its ability to have that independence.

We have said we do not think changing mileage standards, we do not think developing even stronger efficiency standards, is the way we are going to go because we have cost-benefit tradeoffs. Now, I do not agree with those cost-benefit tradeoffs, but they were implied in the decisions we have taken in writing this bill.

Those of us who are so dependent, as I tried to outline and my distinguished colleagues from Florida talked about in their economy, many of us are very dependent in our own economy on the kinds of things that could be threatened with regard to the kind of action we take. We had to make some tradeoffs. We made judgments and some choices about whether it was better to put at risk something that is incredibly important not only for the economy but the environment and the quality of life of the people who live in these communities, or do we say that we will protect those and take other choices that will produce the energy independence that we have? From our perspective in New Jersey, I believe this is a bad cost-benefit analysis. I can understand how someone can make that argument, but to those 836,000 folks dependent on the tourism industry, I cannot make that argument.

There is another argument being made about States rights. That is probably too simple a way, but leave it to the legislature of one State or another. I look at these planning areas—and I do not know much about oceanography and how the tides move and the sea moves, but there is a reason that we have planning areas, the mid-Atlantic, the South Atlantic, and we did not do it by States because water does not know borders.

The fisheries that are involved in those planning areas—it is not just Virginia or New Jersey that is impacted by a decision that is taken. If there is an oilspill or if some of the fisheries are destroyed because of the seismic explosions that test the capacity for oil and gas in these areas, it has impact beyond simple borders. This is something that needs to be considered not just from a State point of view, but we need to do this in a cooperative fashion. So I think there is a cost-benefit problem. How do we define borders and boundaries and oceans?

Finally, it strikes me that we are not focused on some of the things that would allow us to deal with our energy independence, which is absolutely essential. I do not understand why we think this is the trade we need to make versus other trades when there is so much at stake for so many with regard to these coastal economies.

I thank the Senator from Virginia for bringing this debate to the Senate floor. It is a healthy one, and I look forward to working with him in the future, hopefully in a positive way, on our energy dependence.

Mr. WARNER. How much time remains on my side?

The PRESIDING OFFICER. The Senator from Virginia has 1 minute 37 seconds.

Mr. WARNER. The opposition?

The PRESIDING OFFICER. Senator NELSON has 25 seconds, and Senator MARTINEZ, 1 minute 14 seconds.

Mr. WARNER. Mr. President, I wind up the presentation by saying—and I regret to predict this—I see nothing but danger signs with regard to the worldwide energy consumption and the predicament the United States of America faces, particularly with the growing consumption of energy by China and India and other nations. It will impact here at home.

To my colleagues in Florida, show us how to fix our bill to protect your State fully. It can be done. That is what we do all the time, craft legislation. How do you explain how four States have already been doing this for many years—Mississippi, Louisiana, and those four States offshore—without any great disaster.

I predict the Halls of this Chamber will reverberate with the debate—maybe next year or the year after—and this subject will be brought back again when a solid realization will come to this Senate we have no place to go as a nation to protect ourselves and our energy needs but offshore.

I am delighted tonight I forced the opportunity, together with my colleagues, to show in this bill there are those in this Senate who are seriously concerned about the future and believe we must start now to do the planning for offshore. If this crisis hits, we cannot go 6 months or a year and suddenly tap those sources. We have to go through a legislative process in our States and the Federal Government. It will take 4 to 5 to 6 years before we could begin to draw the first bit of energy offshore.

I thank my colleague for the opportunity for this very limited right of a Senator to make his case. Unfortunately, we will not have a vote to determine how many other colleagues feel as we do.

I yield the floor.

The PRESIDING OFFICER. The Senator from Louisiana.

Ms. LANDRIEU. Mr. President, could I ask the Senator from Virginia to yield a moment of his time?

Mr. WARNER. I regret to say to my colleagues I don't think we have a second. If the Senator would ask unanimous consent, I would strongly support it.

Ms. LANDRIEU. I ask unanimous consent for a moment.

Mr. WARNER. Mr. President, I ask unanimous consent 2 minutes be given to our distinguished colleague from Louisiana.

The PRESIDING OFFICER. Without objection, it is so ordered.

Ms. LANDRIEU. I thank my colleague from Virginia. This has been a very good debate. I understand the feelings of the Senators from Florida and New Jersey. They have very strong feelings they have expressed, and some ideas have been laid out to consider.

I understand this amendment will probably not be voted on, but I compliment the Senator from Virginia for his foresight and understanding that we have to increase the supply of gas, particularly oil and gas in this Nation.

All of the conservation measures are in this bill and all those we could add when it goes to conference are not going to add up to enough conservation to get us out of the bind we are in.

While we want to be sensitive to the individual States, we also have an obligation to the Nation. The Senator from Virginia has raised that issue.

He is correct. We will be back sometime next year or the following year debating this issue and trying to come up with some way we can open up opportunities where we can, and maybe perhaps keep them closed in other places. Pretending this will go away, pretending the prices will come down, is jeopardizing the economic vitality of

our Nation. Regardless of the position of Mississippi or Louisiana, the national issue demands we come up with solutions.

I thank the Senator from Virginia for his foresight and his comments in this regard.

Mr. WARNER. I thank the distinguished Senator from Louisiana.

The PRESIDING OFFICER. The Senator from Florida.

Mr. NELSON of Florida. Mr. President, in the remaining time I have, I respond to my dear personal friend and my chairman, the senior Senator from Virginia, to say in approaching your question, how do you perfect this for the future? You eliminate the part of your bill regarding the establishment of seaward lateral boundaries for coastal States.

In all of this area in yellow off the gulf coast of Florida that is under moratorium, that seaward lateral boundary would cause that line to come off the coast of Florida. That is what the Senator from New Jersey is concerned about. That, then, establishes drilling off of one State that clearly starts to impinge on the rights of another State for which we have tried to articulate the reasons why that is so important to us and to our people and the States we represent.

I yield the floor.

The PRESIDING OFFICER. The Senator from Florida.

Mr. MARTINEZ. I simply echo Senator NELSON's comments. It is terribly important, and I think the Senator from Virginia makes a good point. We should work at this. I am happy to sit down and start to work at it.

The Senator from Louisiana and I and the committee sat down with the chairman under his guidance and attempted to draw lines. We made a lot of progress. We could not come up with a formula that seemed to work, but one has got to work. Even if it is a combination of continuing moratoria as well as boundary lines that are drawn, we should be able to do that to accommodate all that is sought to be done here.

Also, the point needs to be made that, as dire as the circumstances of energy are, and I recognize China and India are tremendous consumers of energy that will surpass our own demands for energy in the years to come, it is incumbent upon us to put the great genius of America at work so we can develop alternative sources of fuel, that our dependence on fossil fuels has to be changed.

I commend the chairman for moving in that direction in this bill, which is why I am so excited about this Energy bill. In addition to conservation measures, it also moves us into alternative fuels. It does a great deal to encourage the production and purchase of hybrid vehicles, and in combination with tax incentives that will come from the Finance Committee it makes a very strong energy policy for our Nation. While not perfect, it is a great step in the right direction.

I appreciate all of the courtesies and the fact that we will not be voting on this tonight since we have not worked out those boundary lines in a way that affects the people of Florida. I thank the Senator from Virginia for his courtesy and invite the opportunity to work with the Senator to see if it is feasible to see if we can draw the lines to satisfy the needs of Virginia and Florida.

AMENDMENT NO. 972

Mr. WARNER. I believe under the unanimous consent it is in order for the Senator from Virginia to seek unanimous consent to have this amendment withdrawn. I will do that momentarily.

I simply say to my colleagues, there is a way to fix this legislation and there is a way, also, to fix it in such a manner that we could restrict such offshore exploration to gas alone. Right now the permit process requires oil and gas, but Congress can fix that.

Gas alone would wipe out most of your arguments with regard to the environment. That should be taken into consideration because you have shared with me the risk to our national security, much less our economy, from this impending energy crisis.

I ask unanimous consent this amendment be withdrawn.

The PRESIDING OFFICER. Without objection, it is so ordered.

RING FENCING

Mr. FEINGOLD. Mr. President, The Senator from Kansas and I would like to engage in a colloquy with Chairman DOMENICI and Ranking Member BINGAMAN about an issue that we're concerned could adversely affect electricity consumers and small businesses.

Mr. DOMENICI. I understand the Senators from Wisconsin and from Kansas have concerns about the potential for regulated utilities to cross-subsidize the business ventures of some of their affiliate companies.

Mr. BROWNBACK. Yes. Several small business groups have brought to our attention concerns they have about their ability to compete with energy service companies that are separate from, but affiliated with, regulated utilities. These small business groups are concerned about utility ratepayers subsidizing these competitive businesses. Because of these concerns, I have cosponsored an amendment with Senator FEINGOLD to give the Federal Energy Regulatory Commission authority to require greater structural and financial separation of utility companies and their affiliates and to prevent anticompetitive abuses which are especially harmful to America's small businesses.

Mr. FEINGOLD. In addition to consumers and small businesses, we have heard from a diverse array of financial companies and credit agencies that are deeply concerned about this issue. From 2001–2003, financial ratings agencies issued over 180 bond downgrades—overwhelmingly as a result of poor performance by nonutility investments. All too often, utilities have succumbed to temptation and have relied on the more stable, regulated utilities within the company to shore up balance sheets and offset risky nonutility investments, while customers, ratepayers and investors pay the bill. We all agree that we cannot let Enron-style abuses we keep hearing about from consumers, small businesses, and financial companies continue.

The Feingold-Brownback amendment adds a new section to the Federal Power Act to give FERC new power to regulate transactions between public utility companies and their affiliate and associate companies. The amendment also requires FERC to issue regulations that require affiliate, associate, and subsidiary companies to be independent, separate, and distinct entities from public utilities; maintain separate books and records; structure their governance in a manner that would prevent creditors from having recourse against the assets of public utilities; and prohibit cross-subsidizing, or shifting costs from affiliate, associate, or subsidiary companies to the public utilities.

Mr. BINGAMAN. As the Senator from Wisconsin knows, I see ring fencing as an important issue and think that we should push FERC to protect small businesses and consumers from these abusive practices. The underlying bill, however, contains strong new authority for the Federal Energy Regulatory Commission to oversee mergers of public utilities. Congress directs FERC to use this new authority to assure that mergers are conducted appropriately and that consumers are protected from Enron-style abuses. We also direct FERC to use its existing authority to ensure Enron-style abuses do not happen again. The antimarket manipulation language also works toward this goal.

Mr. FEINGOLD. I am pleased that language in the underlying amendment includes more merger oversight authority for FERC, it includes anti-market manipulation language, and it allows FERC to look at the books. My concern is that if there are not standards about keeping the entities separate, FERC's authority will not be enough to prevent abuses. I am also concerned that State commissions, public service commissions, and others are not able to take care of these kinds of problems because they often do not have the authority to regulate these multi-State entities. That's why small businesses and consumers need increased Federal protection, especially given that this bill repeals the Public Utility Holding Company Act.

Mr. DOMENICI. Let me assure the Senators from Wisconsin and Kansas that I appreciate their concerns, and I agree that utility customers should not be forced to unfairly bear the costs of business ventures by unregulated companies affiliated with their local utility. Neither should competition be undermined by unfair competition caused

by shifting costs from an unregulated utility-owned business to the public utility. We can agree to disagree on whether FERC needs new authority or simply needs to exercise its existing authority. I anticipate that FERC will use its existing and new authority to address the problems described by small businesses and financial groups, but I agree that if there are problem areas, we should take a look at them.

Mr. BROWNBACK. The amendment is simply intended to ensure a level playing field between small businesses and utility affiliates, to protect ratepayers, and the financial integrity of utilities, and to preserve fair competition.

Mr. DOMENICI. I commit to the Senators from Wisconsin and Kansas that I will work with them through conference to ensure that the final version of this bill does not undermine consumer protections or the financial integrity of utilities, or harm America's small businesses by undermining competition. I will also work with them to hold a hearing in the committee about transactions by holding companies and affiliate businesses of public utility companies. Finally, I suggest a General Accounting Office report on affiliate transactions by holding companies and affiliate businesses of public utility companies, as such a report could be a useful resource for us in the future.

Mr. BINGAMAN. I commit to the Senators from Wisconsin and Kansas that I will work on this important issue in conference and ensure that the Energy Committee holds a hearing on this important consumer protection, fair competition, and financial integrity issue. In addition, I agree to request, jointly with the Senators from Wisconsin and Kansas, a GAO investigation into the potential for abusive affiliate transactions by holding companies and affiliate businesses of public utility companies.

Mr. BROWNBACK. I appreciate the chairman and ranking member's commitment and look forward to working with them.

Mr. FEINGOLD. Yes, we thank you and look forward to working with the committee on this common-sense proposal.

Mr. SPECTER. Mr. President, I have sought recognition to address the issue of climate change and the various proposals that have been debated this week on the energy bill including the McCain-Lieberman amendment, the Hagel amendment, and the Bingaman-Specter amendment. Climate change is a matter of great international importance and I believe any successful plan to address it must balance environmental protection with the need for economic development and jobs.

I have voted many times for environmental protection for renewable energy and conservation measures. Most recently, on this Energy bill I voted for the Bingaman amendment to mandate that 10 percent of U.S. electricity production be from renewable sources by 2020. I also supported the Cantwell amendment to reduce U.S. oil consumption by over 7 million barrels per day by 2025, in addition to the 1 million barrel per day reduction by 2015 already incorporated into the Energy bill which I have advanced since 2002.

On climate change specifically, the most recent vote of significance prior to the current debate was on October 30, 2003, when the Senate voted on the McCain-Lieberman bill, S. 139, the Climate Stewardship Act, which failed by a vote of 43 to 55. The Senate again today rejected a similar amendment to the Energy bill by a vote of 38 to 60. I voted against this amendment and the previous bill because it is very difficult to meet the strict emissions limit of the year 2000 by the year 2010 in times of unpredictable national and State economies. Additionally, it is very difficult to limit industry in the United States when we do not have a plan for the rest of the world in curbing greenhouse gas emissions. I have urged the President to work through international means to address global climate change and support his efforts and those of individual companies to voluntarily curb domestic emissions, but stronger action will have to be taken in the future on a multilateral basis.

I have been encouraged by the recent efforts of Senator BINGAMAN, the ranking Democrat on the Senate Energy and Natural Resources Committee, to bring to the Senate a proposal based on the recommendations of the National Commission on Energy Policy, NCEP, which issued its report in December 2004. The Commission's recommended approach on climate change would be to implement a mandatory, economy-wide, tradable-permits system designed to curb growth in U.S. greenhouse gas emissions by 2.4 percent in 2010, while capping initial costs at $7 per metric ton of carbon dioxide equivalent. This would start the U.S. on a path toward reducing greenhouse gas emissions compared to business as usual, while calling for Government reviews at 5 year intervals of global action on climate change. This new approach addressed two of the basic questions that have led, in my opinion, to the failure of the McCain-Lieberman legislation concerns about cost and U.S. action in the context of international efforts.

Senator BINGAMAN decided to offer a sense-of-the Senate amendment in place of this more complicated technical amendment to further this discussion on the important issue of climate change. I cosponsored this Bingaman-Specter-Domenici amendment calling on Congress to enact a comprehensive and effective national program of mandatory, market-based limits on emissions of greenhouse gases that slow, stop, and reverse the growth of such emissions. It calls for this to be done in a manner that will not significantly harm the U.S. economy and will encourage comparable action by other nations that are major trading partners and key contributors to global emissions. This amendment received a very substantial vote of 54–43 against tabling, or setting it aside, and was subsequently accepted by voice vote.

I am also pleased to see the action taken by the Senate to include the Hagel amendment to the Energy bill, which would promote the adoption of technologies that reduce greenhouse gas intensity—emissions per dollar of GDP by providing loan guarantees for up to 25 percent of the total cost of eligible projects that employ advanced climate technologies or systems. This amendment also promotes the adoption of such technologies in developing countries by allowing U.S. companies that invest in such technologies overseas to fully deduct the cost of investment. I supported this amendment because I believe it is a step in the right direction, however, I believe further action is necessary to address global climate change.

While I was unable to support the McCain-Lieberman amendment, I believe the actions on the Hagel and Bingaman-Specter amendments will give impetus to further action to deal with global climate change. I look forward to working with my colleagues in the Senate on this important issue in the hopes of finding common ground and a sensible balance between the goals of environmental protection and economic development.

Mrs. DOLE. Mr. President, the longstanding moratorium in place on oil and gas exploration in the Outer Continental Shelf has protected our vital coastal areas from drilling. This moratorium has worked. Over the last quarter century, North Carolina's coast has become an increasingly popular destination. North Carolina's Outer Banks are world-famous for their beauty. The influx of tourists have brought much needed dollars and jobs and lifted up what previously were some of the poorest counties in the state.

Today, however, our coastal communities and economies face a great threat—the provision that would allow individual states to ''opt out'' of the moratorium, and not just for exploration but for actual drilling off the coast.

A State's decision to opt out of the moratorium and drill for oil would obviously affect its neighboring States. Water borders are not like land borders. Water actually knows no borders. It is fluid, continuously flowing and moving. An environmental hazard caused by drilling off the coast of one State would not be problematic for just that State. An oil spill would just keep spilling across these supposed ''borders,'' polluting the waters and beaches of neighbor States. This is just common sense. It would negatively impact water quality, fisheries, wildlife, tourism and local economies.

As I stated Tuesday during another offshore drilling debate, drilling off our coast would endanger North Carolina's booming tourism industry, a true economic engine of my state.

And exploration or drilling off neighboring coasts most certainly would disrupt the waters off North Carolina. We do not need to recite again the dangers of environmental damage that offshore drilling can cause—especially in an area known as the Graveyard of the Atlantic.

Proponents of lifting the moratorium inadvertently make the point for me of how dangerous this is for our coastal environment. In the amendment we are considering right now, there is revenue sharing with the coastal communities in the states where drilling is allowed. And what is this revenue to be used for? I quote: ''(A) Projects and activities for the conservation, protection, or restoration of coastal areas, including wetland. (B) Mitigation of damage to fish, wildlife or natural resources.'' Restoring wetlands? Mitigation of damage to fish? Mr. President, North Carolinians want to spend time enjoying their beaches, not restoring them.

Mr. REED. Mr. President, I would like to discuss briefly my vote today in favor of the McCain-Lieberman climate change amendment. I supported this amendment because I believe our nation needs to take real action to reduce greenhouse gas emissions, something the Bush administration has so far refused to do. Global warming is a serious problem that has alarming repercussions for our future food production, water supplies, national security, and the survival of many species of wildlife. The vast majority of mainstream scientists now accept that global warming is real and that it is caused in large part by human activities.

The McCain-Lieberman amendment would hold total U.S. greenhouse gas emissions at year 2000 levels starting in 2010. Most importantly, once that cap is set in place, emissions would not be allowed to increase. The amendment would establish a cap and trade regime for greenhouse gases based on the successful acid rain program that has harnessed the incentives of the free market to reduce sulfur dioxide emissions.

I recognize the concerns that have been expressed about this amendment because its innovation title would provide funding for the demonstration of a list of technologies that includes new nuclear reactors. I share this concern, and I agree that many questions remain unanswered about the safe and secure disposal of nuclear waste.

On the other hand, nuclear power is only one of many technologies that are eligible to compete for demonstration funding in the McCain-Lieberman amendment, including, but not limited to, solar, biofuels, and coal gasification with carbon capture. In addition, these funds would come not from taxpayer dollars but from the sale of emissions allowances under the new cap and trade program. While I would prefer not to see nuclear power in this mix, the McCain-Lieberman amendment would have provided substantial mandatory reductions in greenhouse gases that are essential for our future. It is my sincere hope that the Congress and the Bush administration will finally recognize the reality of climate change and take action to reduce our Nation's greenhouse gas emissions.

Mr. KERRY. Mr. President, I would like the record to show that on June 21, 2005, I missed a series of votes as I was out of the office for personal reasons. Had I been present, I would have voted yes for the Nelson amendment No. 783 to strike the section providing for a comprehensive inventory of Outer Continental Shelf oil and natural gas resources. I would have voted no for the Hagel amendment No. 817 to provide for the conduct of activities that promote the adoption of technologies that reduce greenhouse gas intensity in the United States and in developing countries. I would have voted yes for the Voinovich amendment No. 799 to reduce emissions from diesel engines.

Mr. JOHNSON. Mr. President, I was necessarily absent from the Senate on June 20, June 21, and for a portion of today's session in order to attend a hearing of the Base Realignment and Closure Commission in Rapid City, SD. I missed six votes, and I would like to state for the RECORD how I would have voted in each instance.

I would have voted no on rollcall vote No. 142, the motion to invoke cloture on the nomination of John R. Bolton, of Maryland, to be Representative of the United States to the United Nations.

I would have voted no on rollcall vote No. 143, Senate amendment No. 783, a Nelson of Florida amendment to H.R. 6 to strike the section providing for a comprehensive inventory of Outer Continental Shelf oil and natural gas resources.

I would have voted yes on rollcall vote No. 144, Senate amendment No. 817, a Hagel amendment to H.R. 6 to provide for the conduct of activities that promote the adoption of technologies that reduce greenhouse gas intensity in the United States and in developing countries and to provide credit-based financial assistance and investment protection for projects that employ advanced climate technologies or systems in the United States.

I would have voted yes on rollcall vote No. 145, Senate amendment No. 799, a Voinovich amendment to H.R. 6 to make grants and loans to States and other organizations to strengthen the economy, public health, and environment of the United States by reducing emissions from diesel engines.

I would have voted no on rollcall vote No. 146, the motion to table the Feinstein amendment No. 841 to H.R. 6 to prohibit the Commission from approving an application for the authorization of the siting, construction, expansion, or operation of facilities located onshore or in State waters for the import of natural gas from a foreign country or the export of natural gas to a foreign country without the approval of the Governor of the State in which the facility would be located.

I would have voted no on rollcall vote No. 147, the motion to table the Schumer amendment No. 805 to H.R. 6 to express the sense of the Senate regarding management of the Strategic Petroleum Reserve to lower the burden of gasoline prices on the economy of the United States and circumvent the efforts of OPEC to reap windfall profits.

Mrs. MURRAY. Mr. President, today I cast a vote for the McCain-Lieberman climate stewardship and innovation amendment to H.R. 6.

My vote is a statement on the need for the United States to take action to address global climate change in a real and proactive manner.

The authors of the amendment have recently added provisions related to nuclear power. I don't agree that these two policy issues should be linked, but it was my colleagues' option.

The real message and point of this amendment remains that the United States needs to acknowledge and rapidly begin addressing global climate change.

Voluntary measures are constructive but not good enough. We cannot afford to sit back and indulge those who choose against making reductions in harmful emissions at the expense of those who do. Scientific evidence shows that global warming poses a real threat to the Pacific Northwest environment, way of life, and economy.

As the world's largest emitter of greenhouse gases, we should lead by example and innovation. We should not wait for other countries to lead on this important priority. We should seek and promote technologies that promote energy efficiency and make significant cuts in greenhouse gas emissions, as the climate stewardship and innovation amendment would have us do.

Mr. President, I support this amendment because it commits the United States to a mandatory program that makes real cuts in greenhouse gas emissions. This amendment will make our country, and the entire globe, a safer, cleaner place.

Mr. LOTT. Mr. President, as we debate America's energy future, it is critical that we focus on the growing challenge to America's energy security and ultimately to our way of life—posed by an overseas threat currently underway to acquire the world's limited energy resources. China's need for energy is growing rapidly, as China is now the second largest consumer of energy in the world. For all of 2005, it is forecasted that China will consume 7.2 million barrels of oil per day, and its demand could double by 2020 as its economy grows.

At the same time, China produces very little of the energy it uses, and thus is forced to import almost all energy. In its quest for oil, China has become aggressive in brokering deals in every part of the world through its national oil companies. These companies are Government controlled, and unlike private companies are willing to accept lower rates of return with no concerns

about a balance sheet. In short, our country's energy companies may soon find it difficult to compete against these Government owned energy companies in the global energy arena. These companies have access to abundant capital in national treasuries and none of the constraints of regulation faced by U.S. companies nor concerns about rates of return.

Unfortunately, we have a very recent example of this. The China National Offshore Oil Company, CNOOC, has now made public the fact that it is seriously considering making a bid for a U.S. based company, Unocal. This is after Chevron, also a U.S. based California company, has just received FTC preliminary approval for acquisition. This would pave the way for lower energy prices for American consumers. Now, here in the eleventh hour, this Chinese national energy company may offer a counterproposal which would raise troubling policy concerns regarding our National and energy security. Certainly, there would have to be serious review of this situation by numerous Federal agencies including the FTC, SEC, Department of Commerce, Department of Defense, Department of State, and many others. China in the past year has brokered deals for oil reserves in Africa, Iran, South America and Canada. Now they have their sights set on a U.S. company and its assets. We are not operating with a level playing field, and it is hard to imagine how America energy companies can continue to compete under these circumstances.

We must do something about this. If we do not act now, we will see fuel prices for consumers increase, and it will be too late to do anything about it. We must begin working today to find a way to work cooperatively with our global trading partners, including addressing conservation, energy efficiency and technology issues, rather than finding ourselves on a collision course in a quest to seek energy resources.

Mr. FRIST. Mr. President, I rise today in opposition to the cruelest and most unfair tax our Government imposes, the death tax. The death tax destroys small businesses, it damages families, and it prevents job creation. The death tax forbids hardworking people from passing on their assets to spouses, children, friends, and loved ones. It damages farms, newspapers, shops, and factories. Let me make my principles clear: Americans spend their lives paying taxes; death should not be a taxable event. A typical family spends between $30,000 and $150,000 simply planning to avoid this tax—$150,000, enough to start a business and create dozens of jobs—all of it wasted simply trying to avoid this unjust tax. The death tax is immoral.

It needs to go.

We have already begun to cut the death tax and current law will complete its phase-out in 2010. But, on January 1, 2011, the death tax will spring back to life. And, it will rise to confiscatory levels. That's why I have filed an amendment today that will abolish the death tax, immediately and forever, effective January 1, 2006. If we do not act, the death tax will come back to haunt our children's futures. I urge all of my colleagues to join me in ending the sway of this terrible tax once and for all.

Mr. DOMENICI. I suggest the absence of a quorum.

The PRESIDING OFFICER. The clerk will call the roll.

The assistant legislative clerk proceeded to call the roll.

Ms. MURKOWSKI. Mr. President, I ask unanimous consent that the order for the quorum call be rescinded.

The PRESIDING OFFICER. Without objection, it is so ordered.

Ms. MURKOWSKI. Mr. President, we have had some great discussion here on the floor of the Senate as we debate the merits of the Energy bill, and we have talked about conservation and about new production. We have talked a lot about renewables and alternatives.

One of those areas that we have not heard a lot of discussion on, in terms of the renewables, is the area of ocean energy. When we look at our globe and at all those colors, we recognize that we have a heck of a lot of ocean to deal with, and there is great potential there.

The Energy bill currently provides production incentives and Federal purchase requirement assistance to many forms of renewable energy: wind, solar, geothermal, and closed-loop biomass, but oddly enough, it doesn't provide such aid to this type of power that I am talking about—power that can benefit all 25 coastal States, and that is the area of ocean energy. This is a relatively new type of renewable power. It comes from harnessing the endless power of the ocean either by building the wave energy converters that transfer the power of waves into current; or the tidal and current systems that use tidal or current flows to spin underwater turbines; or the newest type, which is ocean thermal energy technology, and this generates electricity from the temperature differential of surface and deeper waters.

Ocean electric projects are relatively new in this country, but not necessarily overseas. Currently, there are operating projects in plants off the coast of Scotland, the Azores, Australia, and Portugal.

In America, we have some projects proposed off Hawaii, in Makah Bay in Washington State, in the East River off of New York City, and also for installation at Port Judith in Rhode Island.

The amendment that the Senate will be considering is one I am proposing that will simply try to level the playing field to see if the technology can be improved to bring down the cost of ocean power so it can be competitive with other forms of renewable energy. When wind energy first started, when we started getting into this technology in 1978, it was costing about 25 cents a kilowatt hour. Ocean energy is already starting at about half that cost, even before economies of scale, and years of technology testing and improvement have had a chance to reduce those costs.

In my State, we certainly care a lot about developing different sources of renewable energy.

Now, in Alaska, we have about 5.6 million megawatts of power that Alaskans use a year; 1.36 million megawatts come from lake taps or small hydropower. That is about 24 percent of Alaska's electricity, which is currently coming from hydro.

We also produce 3,600 megawatts of power from wind turbines, which are working great. They are out in the Kotzebue area and St. Paul Island in the Pribilofs and in other southwestern Alaskan communities. Alaska gains 6,000 to nearly 10,000 megawatts of power from burning fish oil. I have had people say: Wait a minute, did I hear you right, that you burn fish oil to generate power? That is correct. Given the health of Alaska's seafood industry, this is a renewable energy source that has great potential. There are new wind and landfill renewable projects proposed for near Bethel, at Fire Island near Anchorage, and a number of other projects proposed in rural communities. Alaska, in the efforts that we are making currently, might gain 286,000 megawatts of power or 5 percent of our needs.

I mention this to simply indicate that while we are committed to using renewables whenever possible, we have to acknowledge how far we can get with the technologies that we have and what is available to us. When you consider that in the State of Alaska we have about 125 villages and towns either on our coastline or near the mouths of coastal rivers and bays that could benefit from ocean current generation, it becomes very easy to see why we want to encourage ocean energy resources.

But ocean energy could also help hundreds of towns around Hawaii and all along our coastal communities in the lower 48. We have 23 lower 48 ocean States. If we provide enough assistance to help with this technology, to look through the research, this can become an economic venture.

Ocean current is environmentally friendly, completely clean. Already the plants in operation are able to be installed for $500 to $1,000 per kilowatt hour—costs that are very competitive to the roughly $1,200-per-kilowatt capital cost of nuclear power.

The Alaska delegation is also seeking an amendment to the tax title to extend ocean energy so that it qualifies for the existing energy production tax credit—currently 1.9 cents per kilowatt hour for wind. The additional cost of these two provisions is insignificant. But they could greatly diversify the Nation's energy portfolio in future decades. We recognize that the ocean is an

energy source that is truly renewable. I am looking, through my amendment, to help aid Americans to harness that energy from our 12,000 miles of coastline. It is something that we need to look to as a positive reality and give the encouragement where necessary.

I want to change focus a little bit and talk for a moment this evening about an energy policy—an energy policy that belongs to a nation whose demand and consumption of oil far outstrips domestic, a nation that accounted for 40 percent of the growth in oil demands over the last 4 years, and a nation whose demand for oil is one of the leading factors driving oil prices to record-high levels.

I am not talking about the United States tonight. I am talking about China. Why the difference with China? They have an energy policy, and we don't. A couple weeks ago, I chaired a hearing in the Foreign Relations Committee on China's growth and what that means for the United States. One of the witnesses at that hearing, Mr. Mikkal Herberg, with the National Bureau of Asian Research, provided a very informative and eye-opening look at China's increasing role in the international energy market. To sum it up in one sentence: China is quickly becoming a major player in the geopolitics of global energy.

China's demand for energy is a reflection of its two-decade-long economic growth. China surpassed Japan in 2003 as the world's second largest consumer of oil. It is the world's third largest importer and now imports more than 40 percent of its total oil needs.

The International Energy Agency forecasts that China's imports will rise more than fivefold by 2030. This is from the current level of about 2 million barrels per day to nearly 11 million barrels per day, when imports will account for 80 percent of China's energy needs.

The East-West Center predicts that by 2015, 70 percent of China's oil imports will come from the Middle East. China is very much aware of the vulnerable maritime choke points that this oil must pass through in order to reach its shores. Fifty percent of Asia's current daily oil supplies must transit through the Straits of Malacca near Singapore.

Mr. President, the United States currently imports around 58 percent of the oil consumed in this country. What would happen to us in the United States if we were 80-percent dependent on other nations for our economic growth? For our transportation and our security needs? For our home heating needs?

We might very well do what China is doing today—not just investing heavily in other countries but seeking to control all aspects of the oil production. For example, in Sudan, a Chinese State-owned oil company owns 40 percent of a conglomerate that produces 300,000 barrels of oil per day. The same company has a major stake in the oil pipeline to the coast, they built and own a share of an oil refinery, and they helped build oil-loading port facilities on the coast.

While we in the United States naturally gravitate toward an economic model of supply and demand for energy resources where oil is fungible on the worldwide market, China does not abide by this market-based system.

As Mr. Herberg noted at the hearing, China is unilaterally trying to secure its future oil and gas needs by direct state intervention. They are taking equity stakes in oil and gas fields and promoting the global expansion of their three national oil companies.

I note that one of them, China National Offshore Oil Corporation, is looking to submit a counterbid to Chevron's offer to purchase Unocal Corporation. China is promoting state-to-state deals of new oil and gas pipelines to channel supplies directly to China and developing broader financial, diplomatic, and military ties with key exporter nations. In the past 5 years, the Chinese Government has signed strategic energy alliances with eight countries.

Their push to develop a Shanghai Cooperation Organization to focus on combating terrorism in the region can also be attributed to their desire to forge stronger energy ties and more secure energy supplies. China has major oil investment in Kazakhstan and is currently building a large oil pipeline from Kazakhstan to western China.

Many of my colleagues may be aware that China is investing heavily in Alberta, Canada's oil sands, the same fields that moved Canada up into the No. 2 slot in the world for proven oil reserves. China is also looking to construct a pipeline to Canada's west coast to export that oil to China.

China has signed at least 116 major energy investments in 37 countries since 1990, with another 25 proposals still pending. They have significant holdings in Sudan, Iran, and Venezuela. In Angola, the bidding process for the large offshore Greater Plutonio oilfield was additionally won by Indian's national oil company, but the Angolan Government mandated that the deal instead go to the Chinese, and this, of course, came on the heels of a $2 billion aid offer from China.

China's energy security strategy is making waves throughout Asia. When you think of the large economies of Japan and South Korea, each nation is highly dependent on oil imports for their energy needs. The idea of China locking up future sources of oil cannot be comforting to them, leading to their own efforts to lock in stable sources of energy.

As China and other Asian nations raise their level of diplomatic and political involvement in the Middle East, their influence will increase as well. Already, nearly two-thirds of the Persian Gulf's oil exports go to Asia, and this share will only increase. The United States will find its position as the traditionally dominant outside power in the Middle East significantly challenged in the future.

My point tonight is not to criticize or to demonize China for their moves to secure an energy supply. In fact, China's growing energy demands also point to opportunities for American companies to promote greater energy efficiency and higher oil recovery rates for China's domestic production.

My point is simply this: As a developing nation, China looked to the future and determined that it needed secure and more sources of energy. They developed a long-range plan. They have been implementing that plan and, as a result, will have continued access to energy resources in the future.

China's foreign policy reflects their long-term strategy of gaining access to, and to some degree, control over energy sources for their needs. Our energy policy, on the other hand, has not nearly been as focused. It has sometimes been referred to as a ''tin cup'' policy where we go begging for oil from exporting countries when there is a shortage or high prices.

Yet as other nations look to the Middle East to secure their own sources of energy, our influence in the region may diminish. Our cries for OPEC to increase production and output will be weighed against the interest of China and other developing nations.

Congress could have—or should have—passed comprehensive energy legislation years ago, but that is the past. We have another opportunity in front of us to prepare this country for the future to look at our long-term energy needs and determine the best way to address them.

I thank Chairman DOMENICI and Senators GRASSLEY, BINGAMAN, and BAUCUS for their work in crafting this legislation. I think we all would agree it is long past time for Congress to enact a much needed energy bill. It is time for this country to have an energy policy of its own.

Mr. President, I suggest the absence of a quorum.

The PRESIDING OFFICER. The clerk will call the roll.

The assistant legislative clerk proceeded to call the roll.

Mr. FRIST. Mr. President, I ask unanimous consent that the order for the quorum call be rescinded.

The PRESIDING OFFICER. Without objection, it is so ordered.

AMENDMENTS NOS. 786, 787, 798, 818, 822, 835, 850, 861, 864, 870, 927, 933, AS MODIFIED, 978 THROUGH 989

Mr. FRIST. I have a package of manager amendments that have been cleared on both sides of the aisle. I would now send them to the desk, and I ask unanimous consent that the amendments be considered and agreed to with the motion to reconsider laid upon the table.

The PRESIDING OFFICER (Ms. MURKOWSKI). Without objection, it is so ordered.

The amendments were agreed to as follows:

AMENDMENT NO. 786

(Purpose: To make energy generated by oceans eligible for renewable energy production incentives and to modify the definition of the term ''renewable energy'' to include energy generated by oceans for purposes of the Federal purchase requirement)

On page 130, line 24, insert ''ocean (tidal, wave, current, and thermal),'' after ''wind,''.

On page 134, line 3, insert ''ocean (tidal, wave, current, and thermal),'' after ''biomass,''.

AMENDMENT NO. 787

(Purpose: To make Alaska Native Corporations eligible for renewable energy production incentives)

On page 131, lines 18 and 19, strike ''or an Indian tribal government or subdivision thereof,'' and insert ''an Indian tribal government or subdivision thereof, or a Native Corporation (as defined in section 3 of the Alaska Native Claims Settlement Act (43 U.S.C. 1602)),''.

AMENDMENT NO. 798

(Purpose: To require the submission of reports on the potential for biodiesel and hythane to be used as major, sustainable, alternative fuels)

On page 755, after line 25, add the following:

**SEC. 13___. ALTERNATIVE FUELS REPORTS.**

(a) IN GENERAL.—Not later than 1 year after the date of enactment of this Act, the Secretary shall submit to Congress reports on the potential for each of biodiesel and hythane to become major, sustainable, alternative fuels.

(b) BIODIESEL REPORT.—The report relating to biodiesel submitted under subsection (a) shall—

(1) provide a detailed assessment of—

(A) potential biodiesel markets and manufacturing capacity; and

(B) environmental and energy security benefits with respect to the use of biodiesel;

(2) identify any impediments, especially in infrastructure needed for production, distribution, and storage, to biodiesel becoming a substantial source of fuel for conventional diesel and heating oil applications;

(3) identify strategies to enhance the commercial deployment of biodiesel; and

(4) include an examination and recommendations, as appropriate, of the ways in which biodiesel may be modified to be a cleaner-burning fuel.

(c) HYTHANE REPORT.—The report relating to hythane submitted under subsection (a) shall—

(1) provide a detailed assessment of potential hythane markets and the research and development activities that are necessary to facilitate the commercialization of hythane as a competitive, environmentally-friendly transportation fuel;

(2) address—

(A) the infrastructure necessary to produce, blend, distribute, and store hythane for widespread commercial purposes; and

(B) other potential market barriers to the commercialization of hythane;

(3) examine the viability of producing hydrogen using energy-efficient, environmentally friendly methods so that the hydrogen can be blended with natural gas to produce hythane; and

(4) include an assessment of the modifications that would be required to convert compressed natural gas vehicle engines to engines that use hythane as fuel.

(d) GRANTS FOR REPORT COMPLETION.—The Secretary may use such sums as are available to the Secretary to provide, to 1 or more colleges or universities selected by the Secretary, grants for use in carrying out research to assist the Secretary in preparing the reports required to be submitted under subsection (a).

AMENDMENT NO. 818

(Purpose: To commission a study for the roof of the Dirksen Senate Office Building in a manner that facilitates the incorporation of energy efficient technology and amends the Master Plan for the Capitol complex)

On page 15, strike lines 3 through 20.

On page 719, strike lines 11 through 20 and insert the following:

as part of the process of updating the Master Plan Study for the Capitol complex, shall—

(A) carry out a study to evaluate the energy infrastructure of the Capitol complex to determine how to augment the infrastructure to become more energy efficient—

(i) by using unconventional and renewable energy resources;

(ii) by—

(I) incorporating new technologies to implement effective green building solutions;

(II) adopting computer-based building management systems; and

(III) recommending strategies based on end-user behavioral changes to implement low-cost environmental gains; and

(iii) in a manner that would enable the Capitol complex to have reliable utility service in the event of power fluctuations, shortages, or outages;

(B) carry out a study to explore the feasibility of installing energy and water conservation measures on the rooftop of the Dirksen Senate Office Building, including the area directly above the food service facilities in the center of the building, including the installation of—

(i) a vegetative covering area, using native species to the maximum extent practicable, to—

(I) insulate and increase the energy efficiency of the building;

(II) reduce precipitation runoff and conserve water for landscaping or other uses;

(III) increase, and provide more efficient use of, available outdoor space through management of the rooftop of the center of the building as a park or garden area for occupants of the building; and

(IV) improve the aesthetics of the building; and

(ii) onsite renewable energy and other state-of-the-art technologies to—

(I) improve the energy efficiency and energy security of the building or the Capitol complex by providing additional or backup sources of power in the event of a power shortage or other emergency;

(II) reduce the use of resources by the building; or

(III) enhance worker productivity; and

(C) not later than 180 days after the date of enactment of this Act, submit to Congress a report describing the findings and recommendations of the study under subparagraph (B).

AMENDMENT NO. 822

(Purpose: To promote fuel efficient engine technology for aircraft)

On page 120, between lines 20 and 21, insert the following:

**SEC. 14___. FUEL EFFICIENT ENGINE TECHNOLOGY FOR AIRCRAFT.**

(a) IN GENERAL.—The Secretary and the Administrator of the National Aeronautics and Space Administration shall enter into a cooperative agreement to carry out a multi-year engine development program to advance technologies to enable more fuel efficient, turbine-based propulsion and power systems for aeronautical and industrial applications.

(b) PERFORMANCE OBJECTIVE.—The fuel efficiency performance objective for the program shall be to achieve a fuel efficiency improvement of more than 10 percent by exploring—

(1) advanced concepts, alternate propulsion, and power configurations, including hybrid fuel cell powered systems; and

(2) the use of alternate fuel in conventional or nonconventional turbine-based systems.

(c) AUTHORIZATION OF APPROPRIATIONS.—There are authorized to be appropriated to the Secretary to carry out this section $60,000,000 for each of fiscal years 2006 through 2010.

AMENDMENT NO. 835

(Purpose: To establish a National Priority Project Designation)

On page 159, after line 23, add the following:

**SEC. 2___. NATIONAL PRIORITY PROJECT DESIGNATION.**

(a) DESIGNATION OF NATIONAL PRIORITY PROJECTS.—

(1) IN GENERAL.—There is established the National Priority Project Designation (referred to in this section as the ''Designation''), which shall be evidenced by a medal bearing the inscription ''National Priority Project''.

(2) DESIGN AND MATERIALS.—The medal shall be of such design and materials and bear such additional inscriptions as the President may prescribe.

(b) MAKING AND PRESENTATION OF DESIGNATION.—

(1) IN GENERAL.—The President, on the basis of recommendations made by the Secretary, shall annually designate organizations that have—

(A) advanced the field of renewable energy technology and contributed to North American energy independence; and

(B) been certified by the Secretary under subsection (e).

(2) PRESENTATION.—The President shall designate projects with such ceremonies as the President may prescribe.

(3) USE OF DESIGNATION.—An organization that receives a Designation under this section may publicize the Designation of the organization as a National Priority Project in advertising.

(4) CATEGORIES IN WHICH THE DESIGNATION MAY BE GIVEN.—Separate Designations shall be made to qualifying projects in each of the following categories:

(A) Wind and biomass energy generation projects.

(B) Photovoltaic and fuel cell energy generation projects.

(C) Energy efficient building and renewable energy projects.

(D) First-in-Class projects.

(c) SELECTION CRITERIA.—

(1) IN GENERAL.—Certification and selection of the projects to receive the Designation shall be based on criteria established under this subsection.

(2) WIND, BIOMASS, AND BUILDING PROJECTS.—In the case of a wind, biomass, or building project, the project shall demonstrate that the project will install not less than 30 megawatts of renewable energy generation capacity.

(3) SOLAR PHOTOVOLTAIC AND FUEL CELL PROJECTS.—In the case of a solar photovoltaic or fuel cell project, the project shall demonstrate that the project will install not less than 3 megawatts of renewable energy generation capacity.

(4) ENERGY EFFICIENT BUILDING AND RENEWABLE ENERGY PROJECTS.—In the case of an energy efficient building or renewable energy project, in addition to meeting the criteria established under paragraph (2), each building project shall demonstrate that the project will—

(A) comply with third-party certification standards for high-performance, sustainable buildings;

(B) use whole-building integration of energy efficiency and environmental performance design and technology, including advanced building controls;

(C) use renewable energy for at least 50 percent of the energy consumption of the project;

(D) comply with applicable Energy Star standards; and

(E) include at least 5,000,000 square feet of enclosed space.

(5) FIRST-IN-CLASS USE.—Notwithstanding paragraphs (2) through (4), a new building project may qualify under this section if the Secretary determines that the project—

(A) represents a First-In-Class use of renewable energy; or

(B) otherwise establishes a new paradigm of building integrated renewable energy use or energy efficiency.

(d) APPLICATION.—

(1) INITIAL APPLICATIONS.—No later than 120 days after the date of enactment of this Act, and annually thereafter, the Secretary shall publish in the Federal Register an invitation and guidelines for submitting applications, consistent with this section.

(2) CONTENTS.—The application shall describe the project, or planned project, and the plans to meet the criteria established under subsection (c).

(e) CERTIFICATION.—

(1) IN GENERAL.—Not later than 60 days after the application period described in subsection (d), and annually thereafter, the Secretary shall certify projects that are reasonably expected to meet the criteria established under subsection (c).

(2) CERTIFIED PROJECTS.—The Secretary shall designate personnel of the Department to work with persons carrying out each certified project and ensure that the personnel—

(A) provide each certified project with guidance in meeting the criteria established under subsection (c);

(B) identify programs of the Department, including National Laboratories and Technology Centers, that will assist each project in meeting the criteria established under subsection (c); and

(C) ensure that knowledge and transfer of the most current technology between the applicable resources of the Federal Government (including the National Laboratories and Technology Centers, the Department, and the Environmental Protection Agency) and the certified projects is being facilitated to accelerate commercialization of work developed through those resources.

(f) AUTHORIZATION OF APPROPRIATIONS.—There are authorized to be appropriated such sums as are necessary to carry out this section for each of fiscal years 2006 through 2010.

AMENDMENT NO. 850

(Purpose: To modify the section relating to the establishment of a National Power Plant Operations Technology and Education Center)

Beginning on page 602, strike line 5 and all that follows through page 603, line 7, and insert the following:

**SEC. 1107. NATIONAL POWER PLANT OPERATIONS TECHNOLOGY AND EDUCATIONAL CENTER.**

(a) ESTABLISHMENT.—The Secretary shall support the establishment of a National Power Plant Operations Technology and Education Center (referred to in this section as the ''Center''), to address the need for training and educating certified operators and technicians for the electric power industry.

(b) LOCATION OF CENTER.—The Secretary shall support the establishment of the Center at an institution of higher education that has—

(1) expertise in providing degree programs in electric power generation, transmission, and distribution technologies;

(2) expertise in providing onsite and Internet-based training; and

(3) demonstrated responsiveness to workforce and training requirements in the electric power industry.

(c) TRAINING AND CONTINUING EDUCATION.—

(1) IN GENERAL.—The Center shall provide training and continuing education in electric power generation, transmission, and distribution technologies and operations.

(2) LOCATION.—The Center shall carry out training and education activities under paragraph (1)—

(A) at the Center; and

(B) through Internet-based information technologies that allow for learning at remote sites.

AMENDMENT NO. 861

(Purpose: To require the Secretary to enter into a contract with the National Academy of Sciences to determine the effect of electrical contaminants on the reliability of energy production systems)

On page 755, after line 25, add the following:

**SEC. 13___. EFFECT OF ELECTRICAL CONTAMINANTS ON RELIABILITY OF ENERGY PRODUCTION SYSTEMS.**

Not later than 180 days after the date of enactment of this Act, the Secretary shall enter into a contract with the National Academy of Sciences under which the National Academy of Sciences shall determine the effect that electrical contaminants (such as tin whiskers) may have on the reliability of energy production systems, including nuclear energy.

AMENDMENT NO. 864

(Purpose: To ensure that cost-effective procedures are used to fill the Strategic Petroleum Reserve)

On page 208, line 12, strike ''The Secretary shall'' and insert the following:

(1) IN GENERAL.—The Secretary shall

On page 208, between lines 20 and 21, insert the following:

(2) PROCEDURES.—

(A) IN GENERAL.—The Secretary shall develop, with an opportunity for public comment, procedures to obtain oil for the Reserve with the intent of maximizing the overall domestic supply of crude oil (including quantities stored in private sector inventories) and minimizing the costs to the Department of the Interior and the Department of Energy of acquiring such oil (including foregone revenues to the Treasury when oil for the Reserve is obtained through the royalty-in-kind program), consistent with national security.

(B) CONSIDERATIONS.—The procedures shall provide that, for purposes of determining whether to acquire oil for the Reserve or defer deliveries of oil, the Secretary shall take into account—

(i) current and future prices, supplies, and inventories of oil;

(ii) national security; and

(iii) other factors that the Secretary determines to be appropriate.

(C) REVIEW OF REQUESTS FOR DEFERRALS OF SCHEDULED DELIVERIES.—The procedures shall include procedures and criteria for the review of requests for the deferrals of scheduled deliveries.

(D) DEADLINES.—The Secretary shall—

(i) propose the procedures required under this paragraph not later than 120 days after the date of enactment of this Act;

(ii) promulgate the procedures not later than 180 days after the date of enactment of this Act; and

(iii) comply with the procedures in acquiring oil for Reserve effective beginning on the date that is 180 days after the date of enactment of this Act.

AMENDMENT 870

(Purpose: To require the Federal Energy Regulatory Commission to complete its investigation and order refunds on the unjust and unreasonable rates charged to California during the 2000–2001 electricity crisis)

At the appropriate place, insert the following:

Amendment to be proposed by Mrs. Boxer.

**SEC. . FINAL ACTION ON REFUNDS FOR EXCESSIVE CHARGES.**

(a) FINDINGS.—Congress finds that—

(1) The state of California experienced an energy crisis;

(2) FERC issued an order requiring a refund of the portion of charges on the sale of electric energy that was unjust or unreasonable during that crisis;

(3) As of the date of enactment of this act, none of the refunds ordered to date have been received by the state of California; and

(4) the Commission has ruled that the state of California is entitled to approximately $3 billion in refunds; the state of California maintains that that $8.9 billion in refunds is owed.

(b) FERC SHALL—

(1) seek to conclude its investigation into the unjust or unreasonable charges incurred by California during the 2000–2001 electricity crisis as soon as possible;

(2) seek to ensure that refunds the Commission determines are owned to the State of California are paid to the state of California; and

(3) submit to congress a report by December 31, 2005 describing the actions taken by the Commission to date under this section and timetables for further actions.

AMENDMENT NO. 927

(Purpose: To provide a budget roadmap for the transition from petroleum to hydrogen in vehicles by 2020)

On page 755, after line 25, add the following:

**SEC. 13___. FUEL CELL AND HYDROGEN TECHNOLOGY STUDY.**

(a) FINDINGS.—Congress finds that—

(1) according to the National Academy of Sciences, ''Greenhouse gases are accumulating in Earth's atmosphere as a result of human activities, causing surface air temperatures and subsurface ocean temperatures to rise . . . Human-induced warming and associated sea level rises are expected to continue through the 21st century.'';

(2) in 2001, the Intergovernmental Panel on Climate Change (IPCC) concluded that the average temperature of the Earth can be expected to rise between 2.5 and 10.4 degrees Fahrenheit in this century and ''there is new and stronger evidence that most of the warming observed over the last 50 years is attributable to human activities'';

(3) the National Academy of Sciences has stated that ''the IPCC's conclusion that most of the observed warming of the last 50 years is likely to have been due to the increase of greenhouse gas concentrations accurately reflects the current thinking of the scientific community on this issue'' and that ''there is general agreement that the observed warming is real and particularly strong within the past twenty years'';

(4) a significant Federal investment toward the development of fuel cell technologies and the transition from petroleum to hydrogen in vehicles could significantly contribute to the reduction of carbon dioxide emissions by reducing fuel consumption;

(5) a massive infusion of resources and leadership from the Federal Government

would be needed to create the necessary fuel cell technologies that provide alternatives to petroleum and the more efficient use of energy; and

(6) the Federal Government would need to commit to developing, in conjunction with private industry and academia, advanced vehicle technologies and the necessary hydrogen infrastructure to provide alternatives to petroleum.

(b) STUDY.—

(1) IN GENERAL.—As soon as practicable after the date of enactment of this Act, the Secretary shall enter into a contract with the National Academy of Sciences and the National Research Council to carry out a study of fuel cell technologies that provides a budget roadmap for the development of fuel cell technologies and the transition from petroleum to hydrogen in a significant percentage of the vehicles sold by 2020.

(2) REQUIREMENTS.—In carrying out the study, the National Academy of Sciences and the National Research Council shall—

(A) establish as a goal the maximum percentage practicable of vehicles that the National Academy of Sciences and the National Research Council determines can be fueled by hydrogen by 2020;

(B) determine the amount of Federal and private funding required to meet the goal established under subparagraph (A);

(C) determine what actions are required to meet the goal established under subparagraph (A);

(D) examine the need for expanded and enhanced Federal research and development programs, changes in regulations, grant programs, partnerships between the Federal Government and industry, private sector investments, infrastructure investments by the Federal Government and industry, educational and public information initiatives, and Federal and State tax incentives to meet the goal established under subparagraph (A);

(E) consider whether other technologies would be less expensive or could be more quickly implemented than fuel cell technologies to achieve significant reductions in carbon dioxide emissions;

(F) take into account any reports relating to fuel cell technologies and hydrogen-fueled vehicles, including—

(i) the report prepared by the National Academy of Engineering and the National Research Council in 2004 entitled ''Hydrogen Economy: Opportunities, Costs, Barriers, and R&D Needs''; and

(ii) the report prepared by the U.S. Fuel Cell Council in 2003 entitled ''Fuel Cells and Hydrogen: The Path Forward'';

(G) consider the challenges, difficulties, and potential barriers to meeting the goal established under subparagraph (A); and

(H) with respect to the budget roadmap—

(i) specify the amount of funding required on an annual basis from the Federal Government and industry to carry out the budget roadmap; and

(ii) specify the advantages and disadvantages to moving toward the transition to hydrogen in vehicles in accordance with the timeline established by the budget roadmap.

AMENDMENT NO. 933, AS MODIFIED

(Purpose: To provide a manager's amendment)

On page 1, strike lines 4 and 5 and insert the following:

**SEC. 1500. SHORT TITLE; AMENDMENT OF 1986 CODE.**

Beginning on page 2, strike line 5 and all that follows through page 3, line 2, and insert the following:

**Subtitle A—Electricity Infrastructure**

On page 7, lines 6 and 7, strike ''low-head hydroelectric facility or''.

On page 8, lines 10 and 11, strike ''LOW-HEAD HYDROELECTRIC FACILITY OR NONHYDROELECTRIC DAM'' and insert ''NONHYDROELECTRIC DAM''.

On page 8, strike lines 18 through 20 and insert the following:

''(ii) the facility was placed in service before the date of the enactment of this paragraph and did not produce hydroelectric power on the date of the enactment of this paragraph, and

Beginning on page 8, line 24, strike ''the installation'' and all that follows through page 9, line 1 and insert ''there is not any enlargement of the diversion structure, or construction or enlargement of a bypass channel,''.

On page 9, strike lines 5 through 9.

On page 26, strike lines 14 and 15 and insert the following:

(2) Section 1397E(c)(2) is amended by inserting '', and subpart H thereof'' after ''refundable credits''.

On page 68, lines 8 and 9, strike ''the date of the enactment of this Act'' and insert ''December 31, 2004''.

On page 73, line 1, strike ''**PATRONS**'' and insert ''**OWNERS**''.

On page 90, strike lines 4 through 7.

On page 90, line 21, strike ''and, in the case'' and all that follows through line 23.

On page 107, line 17, insert ''a home inspector certified by the Secretary of Energy as trained to perform an energy inspection for purposes of this section,'' after ''(IPIA),''.

On page 110, line 22, strike ''(2)'' and insert ''(3)''.

On page 143, strike lines 1 through 6, and insert the following:

''(1) MAXIMUM CREDIT.—The credit allowed under subsection (a) for any taxable year shall not exceed—

''(A) $2,000 with respect to any qualified solar water heating property expenditures,

''(B) $2,000 with respect to any qualified photovoltaic property expenditures, and

''(C) $500 with respect to each half kilowatt of capacity of qualified fuel cell property (as defined in section 48(d)(1)) for which qualified fuel cell property expenditures are made,

On page 149, between lines 6 and 7, insert the following:

(1) Section 23(c) is amended by striking ''this section and section 1400C'' and inserting ''this section, section 25D, and section 1400C''.

(2) Section 25(e)(1)(C) is amended by striking ''this section and sections 23 and 1400C'' and inserting ''other than this section, section 23, section 25D, and section 1400C''.

(3) Section 1400C(d) is amended by striking ''this section'' and inserting ''this section and section 25D''.

On page 149, line 7, strike ''(1)'' and insert ''(4)''.

On page 149, line 15, strike ''(2)'' and insert ''(5)''.

On page 149, lined 19 and 20, strike ''Except as provided by paragraph (2), the'' and insert ''The''.

On page 155, lines 2 and 3, strike ''for use in a structure''.

On page 155, line 12, insert ''periods'' before ''before''.

On page 210, between lines 19 and 20, insert the following:

(b) WRITTEN NOTICE OF ELECTION TO ALLOCATE CREDIT TO PATRONS.—Section 40(g)(6)(A)(ii) (relating to form and effect of election) is amended by adding at the end the following new sentence: ''Such election shall not take effect unless the organization designates the apportionment as such in a written notice mailed to its patrons during the payment period described in section 1382(d).''.

On page 210, line 20, strike ''(b)'' and insert ''(c)''.

Beginning on page 228, line 19, strike all through page 229, line 2, and insert the following:

''(B) within 2 years after the date of such first retail sale, such article is resold by the purchaser or such purchaser makes a substantial nonexempt use of such article,

then such sale or use of such article by such purchaser shall be treated as the first retail sale of such article for a price equal to its fair market value at the time of such sale or use.

On page 232, line 21, strike ''and''.

On page 232, between lines 21 and 22, insert the following:

(i) by adding at the end the following new sentence: ''For purposes of this subsection, any removal described in section 4081(a)(3)(A) shall be treated as a removal from a terminal but only if such terminal is located within a secured area of an airport.''.

AMENDMENT NO. 978

(Purpose: To clarify the definition of coal to liquid fuel technology)

On page 767, strike lines 6 through 15, and insert the following:

(D) facilities that—

(i) generate 1 or more hydrogen-rich and carbon monoxide-rich product streams from the gasification of coal or coal waste; and

(ii) use those streams to facilitate the production of ultra clean premium fuels through the Fischer-Tropsch process.

AMENDMENT 979

(The text of the amendment is printed in today's RECORD under ''Text of Amendments.'')

AMENDMENT NO. 980

(Purpose: To require an investigation of gasoline prices)

At the appropriate place, insert the following:

**SEC. ___. INVESTIGATION OF GASOLINE PRICES.**

(a) INVESTIGATION.—Not later than 90 days after the date of enactment of this Act, the Federal Trade Commission shall conduct an investigation to determine if the price of gasoline is being artificially manipulated by reducing refinery capacity or by any other form of market manipulation or price gouging practices.

(b) EVALUATION AND ANALYSIS.—The Secretary shall direct the National Petroleum Council to conduct an evaluation and analysis to determine whether, and to what extent, environmental and other regulations affect new domestic refinery construction and significant expansion of existing refinery capacity.

(c) REPORTS TO CONGRESS.—

(1) INVESTIGATION.—On completion of the investigation under subsection (a), the Federal Trade Commission shall submit to Congress a report that describes—

(A) the results of the investigation; and

(B) any recommendations of the Federal Trade Commission.

(2) EVALUATION AND ANALYSIS.—On completion of the evaluation and analysis under subsection (b), the Secretary shall submit to Congress a report that describes—

(A) the results of the evaluation and analysis; and

(B) any recommendations of the National Petroleum Council.

AMENDMENT NO. 981

(Purpose: To require the Secretary and the Administrator for Small Business to coordinate assistance with the Secretary of Commerce for manufacturing related efforts)

On page 53, strike lines 4 through 8 and insert the following:

Small Business Administration shall make program information available directly to

small businesses and through other Federal agencies, including the Federal Emergency Management Agency and the Department of Agriculture, and coordinate assistance with the Secretary of Commerce for manufacturing-related efforts, including the Manufacturing Extension Partnership Program.''.

AMENDMENT NO. 982

(Purpose: To require the Secretary to conduct a study of best management practices for energy research and development programs)

On page 755, after line 25, add the following:

**SEC. 13___. STUDY OF BEST MANAGEMENT PRACTICES FOR ENERGY RESEARCH AND DEVELOPMENT PROGRAMS.**

(a) IN GENERAL.—The Secretary shall enter into an arrangement with the National Academy of Public Administration under which the Academy shall conduct a study to assess management practices for research, development, and demonstration programs at the Department.

(b) SCOPE OF THE STUDY.—The study shall consider—

(1) management practices that act as barriers between the Office of Science and offices conducting mission-oriented research;

(2) recommendations for management practices that would improve coordination and bridge the innovation gap between the Office of Science and offices conducting mission-oriented research;

(3) the applicability of the management practices used by the Department of Defense Advanced Research Programs Agency to research programs at the Department;

(4) the advisability of creating an agency within the Department modeled after the Department of Defense Advanced Research Projects Agency;

(5) recommendations for management practices that could best encourage innovative research and efficiency at the Department; and

(6) any other relevant considerations.

(c) REPORT.—Not later than 18 months after the date of enactment of this Act, the Secretary shall submit to Congress a report on the study conducted under this section.

AMENDMENT NO. 983

(Purpose: To expand the types of qualified renewable energy facilities that are eligible for a renewable energy production incentive)

On page 131, line 20, insert ''livestock methane,'' after ''landfill gas,''.

AMENDMENT NO. 984

(Purpose: To require the Secretary to establish a program of research, development, demonstration, and commercial application to maximize the productive capacity of marginal wells and reservoirs)

On page 517, after line 22, insert the following:

**SEC. 9___. LOW-VOLUME GAS RESERVOIR RESEARCH PROGRAM.**

(a) DEFINITIONS OF GIS.—In this section, the term ''GIS'' means geographic information systems technology that facilitates the organization and management of data with a geographic component.

(b) PROGRAM.—The Secretary shall establish a program of research, development, demonstration, and commercial application to maximize the productive capacity of marginal wells and reservoirs.

(c) DATA COLLECTION.—Under the program, the Secretary shall collect data on—

(1) the status and location of marginal wells and gas reservoirs;

(2) the production capacity of marginal wells and gas reservoirs;

(3) the location of low-pressure gathering facilities and pipelines; and

(4) the quantity of natural gas vented or flared in association with crude oil production.

(d) ANALYSIS.—Under the program, the Secretary shall—

(1) estimate the remaining producible reserves based on variable pipeline pressures; and

(2) recommend measures that will enable the continued production of those resources.

(e) STUDY.—

(1) IN GENERAL.—The Secretary may award a grant to an organization of States that contain significant numbers of marginal oil and natural gas wells to conduct an annual study of low-volume natural gas reservoirs.

(2) ORGANIZATION WITH NO GIS CAPABILITIES.—If an organization receiving a grant under paragraph (1) does not have GIS capabilities, the organization shall contract with an institution of higher education with GIS capabilities.

(3) STATE GEOLOGISTS.—The organization receiving a grant under paragraph (1) shall collaborate with the State geologist of each State being studied.

(f) PUBLIC INFORMATION.—The Secretary may use the data collected and analyzed under this section to produce maps and literature to disseminate to States to promote conservation of natural gas reserves.

(g) AUTHORIZATION OF APPROPRIATIONS.—There are authorized to be appropriated to the Secretary to carry out this section—

(1) $1,500,000 for fiscal year 2006; and

(2) $450,000 for each of fiscal years 2007 and 2008.

AMENDMENT NO. 985

(Purpose: To make petroleum coke gasification projects eligible for certain loan guarantees)

On page 767, between lines 21 and 22, insert the following:

(3) PETROLEUM COKE GASIFICATION PROJECTS.—The Secretary is encouraged to make loan guarantees under this title available for petroleum coke gasification projects.

AMENDMENT NO. 986

(Purpose: To authorize the Secretary of Energy to make grants to increase energy efficiency, promote siting or upgrading of transmission and distribution lines, and providing or modernizing electric facilities in rural areas)

On page 159, after line 23, add the following:

**SEC. _____. RURAL AND REMOTE COMMUNITY ELECTRIFICATION GRANTS.**

The Public Utility Regulatory Policies Act of 1978 (16 U.S.C. 2601 et seq.) is amended in title VI by adding at the end the following:

**''SEC. 609. RURAL AND REMOTE COMMUNITIES ELECTRIFICATION GRANTS.**

''(a) DEFINITIONS.—In this section:

''(1) The term 'eligible grantee' means a local government or municipality, peoples' utility district, irrigation district, and cooperative, nonprofit, or limited-dividend association in a rural area.

''(2) The term 'incremental hydropower' means additional generation achieved from increased efficiency after January 1, 2005, at a hydroelectric dam that was placed in service before January 1, 2005.

''(3) The term 'renewable energy' means electricity generated from—

''(A) a renewable energy source; or

''(B) hydrogen, other than hydrogen produced from a fossil fuel, that is produced from a renewable energy source.

''(4) The term 'renewable energy source' means—

''(A) wind;

''(B) ocean waves;

''(C) biomass;

''(D) solar

''(E) landfill gas;

''(F) incremental hydropower;

''(G) livestock methane; or

''(H) geothermal energy.

''(5) The term 'rural area' means a city, town, or unincorporated area that has a population of not more than 10,000 inhabitants.

''(b) GRANTS.—The Secretary, in consultation with the Secretary of Agriculture and the Secretary of the Interior, may provide grants under this section to eligible grantees for the purpose of—

''(1) increasing energy efficiency, siting or upgrading transmission and distribution lines serving rural areas,; or

''(2) providing or modernizing electric generation facilities that serve rural areas.

''(c) GRANT ADMINISTRATION.—(1) The Secretary shall make grants under this section based on a determination of cost-effectiveness and the most effective use of the funds to achieve the purposes described in subsection (b).

''(2) For each fiscal year, the Secretary shall allocate grant funds under this section equally between the purposes described in paragraphs (1) and (2) of subsection (b).

''(3) In making grants for the purposes described in subsection (b)(2), the Secretary shall give preference to renewable energy facilities.

''(d) AUTHORIZATION OF APPROPRIATIONS.—There is authorized to be appropriated to the Secretary to carry out this section $20,000,000 for each of fiscal years 2006 through 2012.''.

AMENDMENT NO. 987

(Purpose: To require the Secretary to conduct a study on passive solar technologies)

On page 755, after line 25, add the following:

**SEC. 13___. PASSIVE SOLAR TECHNOLOGIES.**

(a) DEFINITION OF PASSIVE SOLAR TECHNOLOGY.—In this section, the term ''passive solar technology'' means a passive solar technology, including daylighting, that—

(1) is used exclusively to avoid electricity use; and

(2) can be metered to determine energy savings.

(b) STUDY.—The Secretary shall conduct a study to determine—

(1) the range of levelized costs of avoided electricity for passive solar technologies;

(2) the quantity of electricity displaced using passive solar technologies in the United States as of the date of enactment of this Act; and

(3) the projected energy savings from passive solar technologies in 5, 10, 15, 20, and 25 years after the date of enactment of this Act if—

(A) incentives comparable to the incentives provided for electricity generation technologies were provided for passive solar technologies; and

(B) no new incentives for passive solar technologies were provided.

(c) REPORT.—Not later than 120 days after the date of enactment of this Act, the Secretary shall submit to Congress a report that describes the results of the study under subsection (b).

AMENDMENT NO. 988

(Purpose: To require the Secretary to conduct a 3-year program of research, development, and demonstration on the use of ethanol and other low-cost transportable renewable feedstocks as intermediate fuels for the safe, energy efficient, and cost-effective transportation of hydrogen)

On page 489, between lines 20 and 21, insert the following:

**SEC. 9___. HYDROGEN INTERMEDIATE FUELS RESEARCH PROGRAM.**

(a) IN GENERAL.—The Secretary, in coordination with the Secretary of Agriculture,

shall carry out a 3-year program of research, development, and demonstration on the use of ethanol and other low-cost transportable renewable feedstocks as intermediate fuels for the safe, energy efficient, and cost-effective transportation of hydrogen.

(b) GOALS.—The goals of the program shall include—

(1) demonstrating the cost-effective conversion of ethanol or other low-cost transportable renewable feedstocks to pure hydrogen suitable for eventual use in fuel cells;

(2) using existing commercial reforming technology or modest modifications of existing technology to reform ethanol or other low-cost transportable renewable feedstocks into hydrogen;

(3) converting at least 1 commercially available internal combustion engine hybrid electric passenger vehicle to operate on hydrogen;

(4) not later than 1 year after the date on which the program begins, installing and operating an ethanol reformer, or reformer for another low-cost transportable renewable feedstock (including onsite hydrogen compression, storage, and dispensing), at the facilities of a fleet operator;

(5) operating the 1 or more vehicles described in paragraph (3) for a period of at least 2 years; and

(6) collecting emissions and fuel economy data on the 1 or more vehicles described in paragraph (3) in various operating and environmental conditions.

(c) AUTHORIZATION OF APPROPRIATIONS.—There is authorized to be appropriated to carry out this section $5,000,000.

AMENDMENT NO. 989

(The text of the amendment is printed in today's RECORD under ''Text of Amendments.''

AMENDMENT NO. 864

Mr. LEVIN. Mr. President, I am pleased to offer, along with Senator COLLINS, an amendment to ensure that the Department of Energy, DOE, carries out the direction in this bill to fill the Strategic Petroleum Reserve, SPR, in a cost-effective manner.

I would like to thank the managers of the bill, Senators DOMENICI and BINGAMAN, and Senators WYDEN and SCHUMER for working with Senator COLLINS and myself so that this amendment can be accepted.

The Energy Bill being considered by the Senate today directs the Secretary of Energy to ''as expeditiously as practicable, without incurring excessive cost or appreciably affecting the price of gasoline or heating oil to consumers, acquire petroleum in quantities sufficient to fill the Strategic Petroleum Reserve to [1 billion barrels].''

This amendment will help the DOE ensure that it will acquire oil for the SPR without incurring excessive cost or appreciably affecting gasoline or heating oil prices. The amendment is simple. It directs DOE to consider the price of oil and other market factors when buying oil for the SPR. It also directs DOE to minimize the program's cost to the taxpayer while maximizing our energy security. At the same time, it does not restrict the Secretary of Energy's discretion to determine how quickly to fill the SPR, or when to put more oil into the SPR.

A nearly identical amendment that I offered with Senator COLLINS was adopted by the Senate by voice vote on the Interior Appropriation Bill for fiscal year 2004. Unfortunately, it was not retained in conference.

Under the amendment, DOE would have the discretion to determine when to buy oil for the SPR, and under which procedures, but DOE would be directed to use that discretion in a way to minimize costs while maximizing national energy security.

The amendment also requires DOE to seek public comment on the procedures to be used to acquire oil. The Department would be wise to especially seek comment from energy industry experts and economists as to the effect that filling the SPR can have—and has had—on oil prices. I believe the Department can learn from our experience over the past few years as to the significant effect the SPR fill can have on oil prices.

Since late 2001, the DOE has been steadily adding oil to the SPR. In late 2001, the Reserve held about 560 million barrels of oil; today it holds nearly 695 million barrels. DOE expects to complete its current program to fill the SPR to 700 million barrels in August of this year.

Since early 2002, DOE has been acquiring oil for the SPR without regard to the price or supply of oil. Prior to that time, DOE bought more oil when the price of oil was low and inventories were full, and less oil when the price of oil was high and inventories low. In early 2002, DOE abandoned this market-based approach. Instead, it adopted the current approach, which does not consider cost or any other market factors when buying oil. During this period the price of oil has been very high—often over $30 per barrel—and the oil markets have been tight. This cost-blind approach has increased the costs of the program to the taxpayer and put further pressure on tight oil markets, boosting oil and gasoline prices to American consumers and businesses.

Any successful businessman knows the saying, ''Buy low, sell high.'' This is true for oil as well as for pork bellies; for the U.S. Government as well as for oil companies.

In 2002, the DOE's staff recommended against buying more oil for the SPR in tight markets. As prices were rising and inventories falling, the DOE's SPR staff warned:

> Commercial inventories are low, retail prices are high and economic growth is slow. The Government should avoid acquiring oil for the Reserve under these circumstances.

The administration disregarded these warnings. SPR deliveries proceeded. As the DOE staff predicted, oil supplies tightened, and prices climbed. American consumers paid the price.

In 2003, the Permanent Subcommittee on Investigations published a report on how this change in DOE policy hurt consumers without providing any additional energy security. The investigation found:

> Filling the SPR in tight market increased U.S. oil prices and hurt U.S. consumers.
>
> Filling the SPR regardless of oil prices increased taxpayer costs.
>
> Despite its high cost, filling the SPR [in 2002] did not increase overall U.S. oil supplies.

The March report also warned that the deliveries that were then scheduled for later in 2003 would drive oil prices higher because prices were high and inventories were low. This prediction turned out to be accurate.

Many experts have said that filling the SPR during the tight oil markets over the past several years increased oil prices.

In January 2004, Goldman Sachs, the largest crude oil trader in the world, reported ''government storage builds will provide persistent support to the markets''—meaning that filling the SPR pushes up prices—and that ''government storage builds have lowered commercially available petroleum supplies.''

Bill Greehey, chief executive of Valero Energy, the largest independent refiner in the U.S., criticized the administration for filling the SPR in tight markets. Back when oil was just under $30 per barrel, Mr. Greehey complained that the SPR program was diverting oil from the marketplace:

> If that was going into inventory, instead of the reserve, you would not be having $29 oil, you'd be having $25 oil. So, I think they've completely mismanaged the strategic reserve.

The airline industry has been one of the industries hardest hit by high oil prices. Last year, Richard Anderson, the chief executive officer of Northwest Airlines, stated:

> U.S. taxpayers and the economy would realize greater economic potential with a more prudent management of this national asset by not further filling the SPR under the current market structure. The DOE should wait for more favorable prices before filling the reserve both today and in the future.

Larry Kellner, president and chief operating officer, Continental Airlines, also criticized the DOE's current SPR policy:

> The average price per barrel for 2003 was the highest in 20 years and to date, the price for 2004 is even higher. All the while, our government continues to depress inventory stocks by buying oil at these historic highs and then pouring it back into the ground to fill the strategic petroleum reserve.

The trucking industry also has suffered under high oil prices. Last year, the American Trucking Association urged the DOE to postpone filling the SPR when supplies were tight and prices high:

> When the government becomes a major purchaser of oil, it only bids up the price exactly when we need relief. I know that you recently testified to Congress that the SPR fill has a negligible impact on the price of crude oil, but we politely disagree.

Many energy industry economists and analysts have stated that filling the SPR in a tight market increases prices.

Energy Economist Philip Verleger estimated that in 2003 the SPR program added $8 to $10 to the price of a barrel of oil.

Economist Larry Kudlow said:

Normally, in Wall Street parlance, you're supposed to buy low and sell high, but in Strategic Petroleum Reserve actions, we're buying higher and higher and that has really helped keep oil prices high.

In a May 2004 analysis, PFC Energy, a leading oil industry consulting firm, concluded:

The Bush Administration has actually been helping OPEC to keep spot prices high and avoid commercial stock increases by taking crude out of the market and injecting significant volumes into the SPR.

Last March, in an article explaining why oil prices are so high, The Economist commented:

Despite the high prices, American officials continue to buy oil on the open market to fill their country's strategic petroleum reserves. Why buy, you might ask, when prices are high, and thereby keep them up? The Senate has asked that question as well. It passed a non-binding resolution this month calling on the Bush administration to stop SPR purchases; but [the energy secretary] has refused.

I ask unanimous consent to have printed in the RECORD additional comments as to how filling the SPR during the tight markets over the past several years has boosted oil prices.

There being no objection, the material was ordered to be printed in the RECORD, as follows:

COMMENTS ON THE SPR PROGRAM

''Commercial petroleum inventories are low, retail product prices are high and economic growth is slow. The Government should avoid acquiring oil for the Reserve under these circumstances.'' * * * ''Essentially, if the SPR inventory grows, and OPEC does not accommodate that growth by exporting more oil, the increase comes at the expense of commercial inventories. Most analysts agree that oil prices are directly correlated with inventories, and a drop of 20 million barrels over a 6–month period can substantially increase prices.'' John Shages, Director, Office of Finance and Policy, Strategic Petroleum Reserves, U.S. Department of Energy, Spring 2002.

''As a US Senate committee pointed out Wednesday, the US government was filling the Strategic Petroleum Reserve last year as prices were rising. And by my estimate, had the US government not filled the Strategic Petroleum Reserve or returned the 20 million barrels they'd put in back to the market, prices right now would be around $28 a barrel instead of $38 a barrel and gasoline prices might be 25 to 35 cents lower.'' Philip Verleger, NPR Morning Edition, March 7, 2003.

''We believe the administration has been making a mistake by refilling the reserve to the tine of about 11 million barrels since the start of May. . . . Washington should back off until oil prices fall somewhat. Doing otherwise is costing the Treasury unnecessarily and is punishing motorists during summer vacation driving time.'' Omaha World Herald, August 14, 2003.

''They've continued filling the reserve—which is crazy, putting the oil under ground when its needed in refineries.'' Dr. Leo Drollas, Chief Economist, Centre for Global Energy Studies, The Observer, August 24, 2003.

''If that was going into inventory, instead of the reserve, you would not be having $29 oil, you'd be having $25 oil. So, I think they've completely mismanaged the strategic reserve.'' Bill Greehey, CEO of Valero Energy, largest independent refiner in the U.S., Octane Week, September 29, 2003.

''Over the last year, the [DOE] has added its name to this rogues list of traders by continuing to acquire oil for the nation's Strategic Petroleum Reserve (SPR). In doing so, it has (1) wasted taxpayer money, (2) done its part to raise crude oil prices, (3) made oil prices more volatile, and (4) caused financial hardship for refiners and oil consumers. Philip K. Verleger, Jr., The Petroleum Economics Monthly, December 2003.

''U.S. taxpayers and the economy would realize greater economic potential with a more prudent management of this national asset by not further filling the SPR under the current market structure. The DOE should wait for more favorable prices before filling the reserve both today and in the future.'' Richard Anderson, CEO, Northwest Airlines, NWA WorldTraveler, January, 2004.

''The government is out buying fuel, it appears, without much regard for the impact that it is having on prices.'' James May, Chief Executive, Air Transport Association, quoted in U.S. Airlines Blame Bush for Cost of Oil, Associated Press, January 8, 2004.

''Government storage builds have lowered commercially available petroleum supplies'' and ''will provide persistent support to the markets.'' ''Changes in global government storage injections will have [a] big impact on crude oil prices.'' Goldman Sachs, Energy Commodities Weekly, January 16, 2004.

''The average price per barrel for 2003 was the highest in 20 years and to date, the price for 2004 is even higher. All the while, our government continues to depress inventory stocks by buying oil at these historic highs and then pouring it back into the ground to fill the strategic petroleum reserve.'' Larry Kellner, President and Chief Operating Officer, Continental Airlines, Continental Airlines Earnings Conference Call, January 20, 2004.

''The act of building up strategic stocks diverts crude supplies that would otherwise have entered the open market. The natural time to do this is when supplies are ample, commercial stocks are adequate and prices low. Yet the Bush Administration, contrary to this logic, is forging ahead with plans to add [more oil to] the stockpile.'' Petroleum Argus, January 26, 2004.

''[Bill O'Grady, Director of Futures Research at A.G. Edwards, Inc.] also notes the Bush administration has been on an oil-buying binge to stock the nation's strategic petroleum reserves. He guesses that artificial demand boost is adding as much as 15 cents to the cost of a gallon of gas.'' Las Vegas Review-Journal, February 29, 2004. [West Coast gasoline about $2/gallon at the time].

''When the government becomes a major purchaser of oil, it only bids up the price exactly when we need relief. I know that you recently testified to Congress that the SPR fill has a negligible impact on the price of crude oil, but we politely disagree.'' Letter from American Trucking Association to Secretary of Energy Spencer Abraham, March 9, 2004.

''Normally, in Wall Street parlance, you're supposed to buy low and sell high, but in Strategic Petroleum Reserve actions, we're buying higher and higher and that has really helped keep oil prices high.'' Larry Kudlow, Kudlow & Cramer, CNBC, March 22, 2004.

''Filling the SPR, without regard to crude oil prices and the availability of supplies, drives oil prices higher and ultimately hurts consumers.'' Letter from 53 Members of the House of Representatives (39 Republicans, 14 Democrats) to President Bush, March 22, 2004.

''Despite the high prices, American officials continue to buy oil on the open market to fill their country's strategic petroleum reserves. Why buy, you might ask, when prices are high, and thereby keep them up? The Senate has asked that question as well. It passed a non-binding resolution this month calling on the Bush administration to stop SPR purchases; but Spencer Abraham, the energy secretary, has refused.'' The Economist, March 27, 2004.

''[T]he Energy Department plans to buy another 202,000 barrels a day in April. It can't resist a bad bargain.'' Alan Reynolds, Senior Fellow, CATO Institute, Investor's Business Daily, April 2, 2004.

''In my opinion, we have grossly mismanaged the SPR in the last 12 months. When Venezuela went on strike and we had the war in Iraq we probably should have drawn down some of the Reserve in order to build up supplies in the Gulf Coast of the U.S. We didn't do that. When the war was over we started adding to the Reserve, so we were actually taking oil out of the Market. We took something like 40–45 million barrels that would have gone into our inventories—we put in the strategic reserves. . . . We should have stopped filling the Reserves 6 months ago.'' Sarah Emerson, Managing Director, Energy Security Analysis, Inc., Interview, New England Cable News, April 4, 2004, 8:59 pm.

''The administration continues to have its hands tied on the Strategic Petroleum Reserve, particularly with candidate Kerry's 'high ground' proposal to suspend purchases putting Bush in a 'me too' position.'' Deutsche Bank, Global Energy Wire, ''Election-Year Oil: Bush Painted into a Corner,'' April 6, 2004.

''At a time when supplies are tight and prospects for improvement are grim, Bush continues to authorize the purchase of oil on the open market for the country's Strategic Petroleum Reserve. Bush is buying serious quantities of oil in a high-price market, helping to keep it that way.'' Thomas Oliphant, Blatant Bush Tilt Toward Big Oil, Boston Globe, April 6, 2004.

''He pointed out that Senator Carl Levin, D–Mich. had a good idea earlier this month in proposing earlier this month cutting back the contribution level to the Strategic Petroleum Reserve, which Kerr said is 93 percent full. 'By reducing the input, it could provide a great deal more supply to help rein in prices a bit.''' CBS MarketWatch, Gasoline, crude prices pull back, April 23, 2004, referring to the views of and quoting Kevin Kerr, editor of Kwest Market Edge.

''The Bush Administration has actually been helping OPEC to keep spot prices high and avoid commercial stock increases by taking crude out of the market and injecting significant volumes into the SPR.'' Crude Or Gasoline? Who Is To Blame For High Oil Prices: OPEC Or The US? Market Fundamentals & Structural Problems, PFC Energy, May 6, 2004.

''Kilduff said the Bush administration could have stopped filling the SPR, saying 'it's not the best move to start filling the SPR when commercial inventories were at 30-year lows.''' John Kilduff, senior analyst, Fimat, in Perception vs. reality, CBS MarketWatch, May 17, 2004.

''Oppenheimer's [Fadel] Gheit said Bush's decision to fill the nation's Strategic Petroleum Reserve in the wake of the Sept. 11 attacks caused a crisis of confidence around the world that led to the perception of short supply and drove up prices. 'The administration has not tried hard to dispel notions and rumors and perceptions and concern over supply disruption,' [said Gheit]. 'Gasoline prices are at record levels because of mismanagement on a grand scale by the administration.'' Fadel Gheit, oil and gas analyst at Oppenheimer & Co., in Perception vs. reality, Camps debate Bush influence on Big Oil, CBS MarketWatch, May 17, 2004.

''With oil and more than $40 a barrel and the federal government running a huge deficit, it should take a timeout on filling the stockpile until crude prices come down from record levels. That would relieve pressure on the petroleum market and ameliorate gasoline prices.'' Houston Chronicle, Keep the oil in it, but take a timeout on filling it, May 18, 2004.

''They tell Saudi Arabia to produce more oil. Then they put it into the Strategic Petroleum Reserve. It just doesn't make any sense at all.'' Bill Greehey, CEO of Valero Energy, Washington Post, May 18, 2004.

''The Bush administration contributed to the oil price squeeze in several ways, according to industry experts. First, it failed to address the fact that demand for gasoline in the United States was increasing sharply, thanks to ever more gas guzzlers on the road and longer commutes. The administration also continued pumping 120,000 barrels a day of crude into the Strategic Petroleum Reserve, making a tight market even tighter.'' David Ignatius, Homemade Oil Crisis, Washington Post, May 25, 2004.

''How can the administration rectify its mistakes? It could calm the market by moving away from its emergency-only stance. It could also stop buying oil to add to the strategic reserve. The government has done a good job making sure that the reserve is at its 700–million barrel capacity. But now that we are close to that goal there is no reason to keep buying oil at exorbitant prices.'' Edward L. Morse and Nawaf Obaid, The $40–a-Barrel Mistake, New York Times, May 25, 2004.

''President Bush's decision to fill the reserve after the terror attacks of September 2001 has been one of the factors driving up oil prices in recent months, along with reports that China, which recently surpassed Japan as the second-largest importer of oil, is going ahead with plans to build its own petroleum reserve.'' Simon Romero, If Oil Supplies Were Disrupted, Then. . . New York Times, May 28, 2004.

''The oil price run-up and scarcity of private inventories can be laid squarely at the White House's door. Since Nov. 13, 2001 private companies have been forced to compete for inventories with the government.'' Steve Hanke, Oil and Politics, Forbes, August 16, 2004.

Mr. LEVIN. In summary, this amendment directs DOE to use some common sense when buying oil for the SPR. It urges DOE to buy more oil when prices are relatively low and supplies are ample, and less oil when prices are high and supplies are scarce. This approach supports our energy and national security interests and at the same time protects American consumers and businesses. It also protects the taxpayer from excessive costs due to high oil prices.

I again thank the managers and Senators COLLINS and WYDEN for their efforts so that this amendment can be accepted.

## MORNING BUSINESS

Mr. FRIST. I ask unanimous consent that there now be a period for morning business with Senators permitted to speak up to 10 minutes each.

The PRESIDING OFFICER. Without objection, it is so ordered.

## REMEMBERING JUNETEENTH

Mr. FRIST. Mr. President, this June 19th marked the 140th anniversary of Juneteenth, the day our Nation finally ended the immoral and heinous institution of slavery.

On June 19th, 1865, three years after President Lincoln issued his Emancipation Proclamation, a quarter million slaves living in Texas learned that they were free from Union General Gordon Granger.

He told the people of Texas:

[T]hat in accordance with a Proclamation from the Executive of the United States, all slaves are free. This involves an absolute equality of rights and rights of property between former masters and slaves, the connection heretofore existing between them becomes that between employer and free laborer.

Juneteenth, also known as Freedom Day, marked an end to a sad chapter in our Nation's history but it did not mark the end of racial prejudice in the United States.

The horrors of Jim Crowe, lynching, and rampant discrimination still awaited those freed on Juneteenth. It would take 100 years almost to the day until Congress would finally put an end to political discrimination against African-Americans by passing the historic 1965 Voting Rights Act and completing the legislative program of the civil rights movement.

Juneteenth marked the end of the struggle against slavery and the beginning of the long struggle for civil rights.

For all Americans Juneteenth is a time to celebrate freedom: to reflect on it with picnics, concerts, festivals, seminars, and celebrations. It is a time of joy and a time to remember the achievements of African-Americans around our Nation.

Juneteenth should also be a time to celebrate and remember the men and women who brought us freedom and equality: The brave Union soldiers who fought ''to make men free;'' the civil rights pioneers who began a struggle they would not see to its end; and the great, historic generation of civil rights leaders who helped America ''live out the true meaning of its creed'' and brought legal equality to all Americans.

In commemoration of Juneteenth, I urge my colleagues to reflect on our freedom, acknowledge the legacy of slavery, and celebrate the achievements of the civil rights movement.

Mr. PRYOR. Mr. President, on Saturday, June 18, 2005, Americans honored the 140th anniversary of Juneteenth, the oldest known celebration commemorating the abolition of slavery in the United States. This day celebrates African American freedom and gives us a chance to reflect upon our Nation's history, our present, and our hope for the future.

On June 19, 1865, MG Gordon Granger arrived in Texas to proclaim emancipation to Texas slaves. Though President Lincoln had delivered his Emancipation Proclamation more than 2 years earlier, this date marks the first time slaves in Texas and other surrounding States learned of their liberation. General Granger stated, ''The people of Texas are informed that in accordance with a Proclamation from the Executive of the United States, all slaves are free. This involves an absolute equality of rights and rights of property between former masters and slaves, and the connection heretofore existing between them becomes that between employer and free laborer.'' The term ''Juneteenth'' is derived from a combination of the words ''June'' and ''nineteenth'', referring to the official date of the Texas announcement, although the holiday is now celebrated on the third Saturday of June.

Following their emancipation, African Americans continued to confront immense hardships in the face of economic, social, and political disfranchisement imposed by a brutally repressive social system. In States such as Arkansas, the Jim Crow order relied on institutionalized racism to maintain the social dominance of Whites and stifle the opportunity that Blacks desired and deserved. We recently revisited the horrors of mob violence, another tool in the repression of Blacks, as the Senate officially apologized for never taking Federal action against lynching over the decades of its practice.

Due to the prolonged struggle for freedom and equality for Black Americans, we recognize Juneteenth as both a victory over slavery and as a starting point in the ongoing fight for justice in America. Thanks to the courage and dedication of the participants in the civil rights movement, our Nation has progressed by leaps and bounds from the days of sharecropping, segregated classrooms, Ku Klux Klan violence, and lynchings. However, we must remain vigilant as we strive to ensure that every American is provided an equal opportunity to succeed now and in the future.

These were the ideas that people in Arkansas and all across our country reflected upon as they celebrated Juneteenth on Saturday. I am humbled as I reflect upon Juneteenth and pay tribute to the countless contributions and advancements African Americans have made in our country throughout history. Furthermore, I encourage all Americans to join me in remembering the struggles for dignity and racial equality in America and to recommit to fighting for equality in our schools, workplaces and in our communities. And in doing so, let us strive for the strength of will and courage that were exemplified by Dr. Martin Luther King, Jr., as he shared this simple truth with the world: ''Injustice anywhere is a threat to justice everywhere.''

## TRIBUTE TO PATRICK HENRY HUGHES

Mr. MCCONNELL. Mr. President, today I honor a young and accomplished musician from my home State of Kentucky. Patrick Henry Hughes, a

17-year-old from Louisville, is the recipient of the 2005 VSA arts Panasonic Young Soloists Award, a national award reserved for young musicians with disabilities. Patrick has received the VSA arts of Kentucky Young Soloists Award yearly since 2001.

Patrick was born without eyes and is completely blind. He also has webbing in his arms and legs that prevent him from walking. These handicaps have not hampered his musical or intellectual ability, however, as Patrick is clearly a star on the rise.

An accomplished pianist and vocalist, Patrick performed at the John F. Kennedy Center for the Performing Arts on May 16, 2005. He has also performed at the Grand Ole Opry, and has shared the stage with Emmy Award-winning singer Pam Tillis, county music band Lonestar, and country music stars Lane Brody, Chad Brock, Bryan White, and Faith Hill.

In addition to playing the piano and singing tenor in his school's chorus, Patrick plays the trumpet in his school's concert and jazz bands. He has been selected to perform in many All-State band and choral festivals, receiving several distinguished awards for each. Patrick currently studies with Hinda Ordman, a Juilliard graduate.

Clearly a talented musician, Patrick also strives scholastically. He is a junior at Atherton High School and participates in the international baccalaureate program where he has maintained a 3.99 grade point average. Patrick received the Presidential Award for Outstanding Academic Achievement from both President Bill Clinton and President George W. Bush.

I ask my colleagues to join me in recognizing Louisvillian Patrick Henry Hughes for his personal and musical accomplishments.

## COMMITTEE ALLOCATION CLARIFICATION

Mr. GREGG. Mr. President, I submit for the RECORD a clarification to the Senate Committee Allocation tables published on pages 88 and 89 of House Report 109–62, the Report to accompany H. Con. Res. 95, the concurrent resolution on the budget for fiscal year 2006. The revised tables are consistent with committee allocation tables published in prior years' conference reports on budget resolutions. The following tables display the clarified Senate Committee allocations.

SENATE COMMITTEE BUDGET AUTHORITY AND OUTLAY ALLOCATIONS PURSUANT TO SECTION 302 OF THE CONGRESSIONAL BUDGET ACT—BUDGET YEAR TOTAL 2005

[in billions of dollars]

| Committee | Direct spending jurisdiction | | Entitlements funded in annual appropriations acts | |
|---|---|---|---|---|
| | Budget authority | Outlays | Budget authority | Outlays |
| Appropriations | | | | |
| General Purpose Discretionary | 840.036 | 929.520 | | |
| Memo: | | | | |
| on-budget | 835.610 | 925.115 | | |
| off-budget | 4.426 | 4.405 | | |
| Mandatory | 483.829 | 460.856 | | |
| Total | 1,323.865 | 1,390.376 | | |
| Agriculture, Nutrition, and Forestry | 25.258 | 25.148 | 71.954 | 49.563 |
| Armed Services | 85.351 | 85.240 | 0.041 | 0.061 |
| Banking, Housing and Urban Affairs | 14.779 | 6.052 | 0.000 | -0.047 |
| Commerce, Science, and Transportation | 13.635 | 8.218 | 1.082 | 0.889 |
| Energy and Natural Resources | 5.124 | 3.922 | 0.004 | 0.005 |
| Environment and Public Works | 39.395 | 2.056 | 0.000 | 0.000 |
| Finance | 820.964 | 821.356 | 350.443 | 350.266 |
| Foreign Relations | 10.785 | 11.054 | 0.172 | 0.172 |
| Governmental Affairs | 71.750 | 70.621 | 18.219 | 18.219 |
| Judiciary | 6.009 | 6.076 | 0.578 | 0.564 |
| Health, Education, Labor, and Pensions | 13.952 | 13.946 | 3.988 | 3.889 |
| Rules and Administration | 0.076 | 0.019 | 0.113 | 0.112 |
| Intelligence | 0.000 | 0.000 | 0.239 | 0.239 |
| Veterans' Affairs | 2.161 | 2.190 | 36.996 | 36.924 |
| Indian Affairs | 0.555 | 0.562 | 0.000 | 0.000 |
| Small Business | 1.702 | 1.702 | 0.000 | 0.000 |
| Unassigned to Committee | -434.360 | -420.248 | 0.000 | 0.000 |
| Total | 2,001.001 | 2,028.290 | 483.829 | 460.856 |

SENATE COMMITTEE BUDGET AUTHORITY AND OUTLAY ALLOCATIONS PURSUANT TO SECTION 302 OF THE CONGRESSIONAL BUDGET ACT—BUDGET YEAR TOTAL 2006

[In billions of dollars]

| Committee | Direct spending jurisdiction | | Entitlements funded in annual appropriations acts | |
|---|---|---|---|---|
| | Budget authority | Outlays | Budget authority | Outlays |
| Appropriations: | | | | |
| General Purpose Discretionary | 842.265 | 916.081 | | |
| Memo: | | | | |
| on-budget | 837.689 | 911.494 | | |
| off-budget | 4.576 | 4.587 | | |
| Mandatory | 531.782 | 512.469 | | |
| Total | 1,374.047 | 1,428.550 | | |
| Agriculture, Nutrition, and Forestry | 25.721 | 25.061 | 69.535 | 50.456 |
| Armed Services | 91.206 | 91.125 | 0.040 | 0.060 |
| Banking, Housing and Urban Affairs | 13.507 | 2.957 | 0.000 | −0.014 |
| Commerce, Science, and Transportation | 13.078 | 7.575 | 0.928 | 0.921 |
| Energy and Natural Resources | 4.600 | 4.135 | 0.054 | 0.060 |
| Environment and Public Works | 39.389 | 2.154 | 0.000 | 0.000 |
| Finance | 921.388 | 923.342 | 401.199 | 401.160 |
| Foreign Relations | 11.532 | 11.939 | 0.174 | 0.174 |
| Governmental Affairs | 74.698 | 71.791 | 18.611 | 18.611 |
| Judiciary | 7.387 | 6.528 | 0.580 | 0.592 |
| Health, Education, Labor, and Pensions | 13.180 | 11.578 | 4.100 | 3.979 |
| Rules and Administration | 0.072 | 0.015 | 0.118 | 0.117 |
| Intelligence | 0.000 | 0.000 | 0.245 | 0.245 |
| Veterans' Affairs | 1.293 | 1.353 | 36.198 | 36.108 |
| Indian Affairs | 0.559 | 0.547 | 0.000 | 0.000 |
| Small Business | 0.000 | 0.000 | 0.000 | 0.000 |
| Unassigned to Committee | −496.329 | −484.403 | 0.000 | 0.000 |
| Total | 2,095.328 | 2,104.247 | 531.782 | 512.469 |

## HONORING OUR ARMED FORCES

### TRIBUTE TO SPECIALIST CASEY BYERS

Mr. GRASSLEY. Mr. President. I rise today to pay tribute to an honorable soldier who has fallen in service to his country. Specialist Casey Byers of the 224th Engineer Battalion died on the 11th of June in Al Taqaddum, Iraq when an improvised explosive device detonated beneath his Humvee. Specialist Byers was a young native of Schleswig, IA, who was only 22 years old. I salute his patriotism and his sacrifice for the sake of freedom.

Specialist Byers was a proud American who joined the Iowa National Guard in1999. He graduated from Ar-We-Va High School in 2001 where he participated in football and track and later attended Iowa Lakes Community College. Specialist Byers graduated from the combat engineer qualification course in July 2004 and volunteered for duty with the 224th in Iraq. This was his second tour of duty in the Middle East.

Casey Byers has earned the highest gratitude of the entire Nation and today I want to recognize him with the respect he deserves. His sacrifice reminds us of the incredibly high cost of ensuring freedom. My prayers go out to Ann and William Byers who grieve the loss of their son, Paul and Jennifer Byers who grieve a lost brother, and his infant daughter Hailey who grieves the absence of her father. I also extend my prayers to all of the family, friends, and neighbors of Casey who are touched by his passing. I ask my colleagues to join me and all Iowans in remembering Specialist Casey Byers. Such men as Casey Byers inspire us to hold in ever higher esteem the ideals of freedom and service. His valor shall certainly not be forgotten.

## SGT. LEIGH ANN HESTER

Mr. KERRY. Mr. President, today I want to take this time to commend one of the many American heroes defending freedom around the world for her service and courage. Her act of bravery is worthy of the remembrance and recognition of a grateful nation.

On March 20 of this year, SGT Leigh Ann Hester was escorting a convoy near Salman Pak in Iraq, when over 50 insurgents ambushed her troops, raining fire from AK–47's and RPGs. On this fateful day, Sergeant Hester faced that fire with no fear of her own fate, risking her life to save others—and save lives she did. She led a successful counterattack, brought the convoy to safety, and earned the everlasting gratitude of her fellow soldiers and the undying respect of the American people.

And so a grateful nation has bestowed Sergeant Hester of the 617th Military Police Company with the Silver Star. She is the first woman to earn this rare honor since Mary Roberts Wilson received the medal for gallantry during the Battle of Anzio in World War II. Sergeant Hester's heroism is more than worthy of this recognition. Her unwavering commitment to her fellow soldiers is a shining example of the exceptional courage that defines our brave soldiers across the world.

In winning the Silver Star, Sergeant Hester contributes to many legacies. She honors the legacy of generations of women who have served our Nation and the over 15,000 selfless women who have served so valiantly in Iraq and her bravery in the face of overwhelming adversity underscores the growing role of women in our Armed Services. She also continues the legacy of military service in her family. Her Uncle, Carl Sollinger, served honorably in Vietnam, and her grandfather, Oran Sollinger, was awarded a Bronze Star for his valor in World War II. Now, Sergeant Hester, a 23-year-old retail manager from Bowling Green, KY, seeks to expand on her own legacy of service with a career in law enforcement.

SGT Leigh Ann Hester has shown bravery in keeping with the finest traditions of service, courage, and heroism in our military. She is a special citizen, a role model, and a patriot. I call on my colleagues to join me in honoring her and in so doing honor every brave American, at home and abroad, who toils for freedom.

## LOCAL LAW ENFORCEMENT ENHANCEMENT ACT OF 2005

Mr. SMITH. Mr. President, I rise today to speak about the need for hate crimes legislation. Each Congress, Senator KENNEDY and I introduce hate crimes legislation that would add new categories to current hate crimes law, sending a signal that violence of any kind is unacceptable in our society. Likewise, each day I have come to the floor to highlight a separate hate crime that has occurred in our country.

Last year in San Francisco, a male contacted an Asian gay man under the pretense of receiving a professional massage. Once inside the man's residence, the suspect impersonated an undercover cop and pulled out a gun. He used a rope to tie the victim's hands and ankles, then assaulted and robbed him. The case is being investigated as a hate crime.

I believe that the Government's first duty is to defend its citizens, to defend them against the harms that come out of hate. The Local Law Enforcement Enhancement Act is a symbol that can become substance. I believe that by passing this legislation and changing current law, we can change hearts and minds as well.

## BOLTON NOMINATION

Mr. BURNS. Mr. President, I rise today in support of the nomination of John Bolton to be our next Ambassador to the United Nations. Unfortunately, I was unable to be here yesterday, when another vote was taken in regard to Mr. Bolton's nomination. Had I been here, however, I would have voted in support of Mr. Bolton.

Despite recent controversy over this nomination, I still believe that John Bolton is a fine candidate for the position of ambassador to the U.N. I have seen the complaints and the information provided as a result of those concerns, but I still believe that his credentials and background make him a qualified person for the job. His experience with an aside from the U.N. is one consisting of a great deal of reform. He has long been an advocate for U.N. reform throughout his career and has been vocal in proclaiming the need for the United States to take the lead in facilitating the U.N. in its goal of international peace and security. The U.N. is now facing allegations of corruption in the Oil for Food Program and from other senior officials. At this time more than any other, I firmly believe we must send someone who has experience reforming an organization.

John Bolton comes to this nomination after years of experience in the international community. He has performed pro-bono work for the U.N. in Africa and worked as the U.N. Assistant Secretary of State for International Organizations from 1989 to 1992. In the last 4 years, Bolton has been instrumental in urging U.N. agencies to take steps to stop the spread of dangerous weapons, while calling on all member states to criminalize the proliferation of weapons of mass destruction. In the Moscow Treaty, which reduced our operationally deployed nuclear weapons arsenal by two-thirds, John Bolton served as the principal negotiator. As Under Secretary of State, John Bolton helped construct the G8 Global Partnership, a global initiative to focus on safeguards and verification of nuclear programs. The G8 Global Partnership establishes a principle that countries under investigation will not be allowed to serve on the International Atomic Energy Agency, IAEA.

In these times of atrocities against humanity, an honest, functioning U.N. is needed. I think John Bolton will help the U.N. head in that direction. I do hope to have an opportunity to work with John in that capacity and know he would serve tirelessly and thoughtfully in the many challenges ahead.

## RUSSIAN ''PROFILES IN COURAGE'' HIGH SCHOOL ESSAY CONTEST

Mr. KENNEDY. Mr. President, on May 31, the first edition in Russian of President Kennedy's famous book, ''Profiles in Courage,'' was published, and to mark the occasion, our Ambassador in Moscow, Alexander Vershbow, held a reception at the U.S. Embassy.

As part of the occasion, the Embassy honored the winner of a ''Profiles in Courage'' essay contest organized by the Embassy, in which Russian high school students were encouraged to write essays on political leaders who showed extraordinary political courage of the kind described by my brother in

his book. The contest was conducted under the Public Diplomacy Program of the Embassy, and I commend the State Department and the Ambassador for this inspiring initiative.

The author of the winning essay is Ivan Dmitriyevich Yevstafyev, a 15-year old student in the ninth grade at the Second School Lyceum in Moscow. His essay, ''Genius and Villain,'' describes how Anatoly Chubais took on and carried out the immense responsibility for the vast economic reform under President Yeltsin that privatized much of the Russian economy during the 1990s. He knew that his actions would be unpopular, but he believed very deeply that the reforms served the national interest in moving Russia toward democracy, and as the essay states, he carried them out with extraordinary courage.

The ''villain'' in the title refers to the intense controversy over the phase of the program that privatized the energy sector amid charges of corruption and insider dealing relating to the rise of the oligarchs—hence the essay's reference to President Yeltsin's remark, ''It's all Chubais' fault.''

The essay has been translated into English by the Embassy, and I find it extremely inspiring. I am sure President Kennedy would be proud of Mr. Yevstafyev and his impressive essay, and proud of the Embassy for reaching out to young Russians in this appealing way and encouraging their appreciation of the importance of political courage in pursuing the path to a better future for their nation.

I believe the essay will be of interest to all our colleagues in Congress, and I ask unanimous consent that it may be printed in the RECORD.

There being no objection, the material was ordered to be printed in the RECORD, as follows:

GENIUS AND VILLAIN

(By Ivan Dmitriyevich Yevstafyev)

I would like to write about Anatoly Chubais, a politician of extraordinary civic courage who was strong enough to remain true to himself and stay on the road he had chosen despite the pressure of circumstances. I am aware that the figure I have chosen is ambiguous and sometimes unpopular. ''Genius and villainy do not go together.'' This phrase has been used so often that it has become commonplace. But we have to admit that Chubais, together with the team of ''The Young Reformers,'' is an economic genius. His villainy is similar to the evil actions of a surgeon who mercilessly cuts a gangrenous limb to save a patient's life.

Chubais is not popular because of his perceived ''cynicism.'' In my opinion, he just openly talks about problems and complications that accompany every victory. He does not promise wonders. But the ''shock therapy'' without the use of anesthesia cannot be popular by definition.

In the fall of 1991, when Yegor Gaydar wanted Chubais to become the head of the Department of Privatization, the future minister and deputy head of government asked, ''Do you realize that, regardless of the result, people will hate me for the rest of my life, because for them I will be the man who sold Russia and who sold it the wrong way?'' It was a rhetorical question, of course. Gaydar had no doubt that Chubais would accept responsibility.

I think that taking upon oneself the responsibility for carrying out the necessary, but extremely unpopular action on a national scale, and performing it efficiently and quickly, demands from a politician and a person true civic courage. His contemporaries are not able to appreciate the importance of his actions.

Through his privatization Chubais was not only making a bourgeois revolution that was virtually bloodless, but every day he made history that was ''sold'' piping hot together with the state property. Under enormous pressure from his opponents, Chubais managed to solve two problems of privatization: he made the process irreversible, and he took the property from bureaucratic hands and carried out the privatization, making compromises with all concerned parties to keep the society peaceful. As a result, by the middle of 1994, an organizational miracle occurred: the ''voucher privatization'' was over. Two-thirds of property became private. The time for a monetary stage had come.

Beginning in March 1995, the system of ''shares-for-Ioans'' auctions was put into effect. As a result, the state budget received one billion dollars that contributed to the financial stabilization to come. Thanks to the auction system, big industrial enterprises received their owners. The ten interceding years have shown that these owners are efficient.

''When someone accuses us of taking the 'pearls of the Russian Imperial Crown' and giving them out, we disagree,'' explains Chubais. ''These so-called 'pearls' were nothing—complete failures. Thanks to privatization, these industrial ruins were turned into pearls of the new Russian market economy. We helped private shareholders to become owners through the legal procedures. As a result, they resurrected these businesses and transformed them into active enterprises.''

Charismatic leaders are always in favor in Russia. It is our mentality. Anatoly Chubais' charisma has a limited range. It does not affect all people. But his team obeys him like privates obey their general. You can call Chubais an outstanding manipulator, but his readiness to negotiate with the outraged audience proves his everyday courage. For example, he won the sympathy of miners at a depth of 790 meters, where the striking miners agreed to meet with the then deputy head of government. The story had a mellow, almost fairy-tale end: privatization of coal mines, regular payrolls and transformation of the mining industry into a profitable one.

His political credo: ''We survived because surviving has never been our priority task. When the French Revolution ended, one of its key figures was asked what he had been doing during the revolution. His answer was, 'I tried to survive.' As for me, I never tried to survive.''

Chubais' motto is, ''If not me, then who?'' Probably, in the political history of Russia there are things no one but he could do. But they have to be done—for the future of Russia and for our own future. In this respect, our hero is a very lonely man. As lonely as only a reformer can be—the one who sets up tasks that only he can perform. The role of a personality in the history of Russia has always been important. Let's not disregard this. That is why a popular remark attributed to Yeltsin is quite true: ''It's all Chubais' fault.'' Everybody can interpret it in one's own way—positive or negative.

In 1998, Chubais began to manage a whole empire—as CEO of United Energy Systems of Russia. The initial set of key problems and parameters was very Chubais-like: an industry on the verge of collapse, covering an enormous geographic area, whose whole system desperately needed reforms. Energy is the heart of economics. Over these years, the sick heart has almost healed, although at the beginning it seemed impossible.

History does not use conditional tenses, but only because it is made by outstanding figures, who do not care about means in order to achieve their goals and solve problems of historical importance. I see my hero as a person who was remodeled by history, but who also dared to recast history. Several times he succeeded.

In politics, Chubais is a man of compromise—there the end often justifies the means. But for him ideology is more important than political profit. Besides, he is just a brave man: only a person of integrity and courage could tell Vladimir Putin that he and the Russian people are wrong about the issue of Stalin's anthem.

As the head of United Energy Systems, he took upon himself the role of formulating and voicing the negative reaction of Russian business to the arrest of Mikhail Khodorkovsky on October 25, 2003. The clear impression was made that the bosses of business used him as a ''human shield,'' as had already happened in 1996 and 1998. Perhaps, that's how it was. But Chubais stated that it was his ''inner decision.''

Those who clean the Augean stables of gloomy epochs and lost opportunities do not always enjoy a good reputation among their contemporaries. Thirteen years ago, several people sacrificed their reputations by taking responsibility for changes in the country. Chubais continues to work. His achievements are spread in time and therefore do not clearly stand out. His goal is to turn Russia into a market democracy. One criterion for evaluating Chubais is the country that we have now and the one we will have in the future—the country that is moving from coup d'etats to guided democracy and maybe to real democracy. History is made by people who eventually bring success to their country.

Although Chubais is already in the history books, the goal he set for himself has not been achieved yet. The liberal Russia is being built online.

## TRIBUTE TO PATRICE BOLLING AND MELISSA MOODY

Mr. PRYOR. Mr. President, I rise today with some sadness, but also with great pride, to announce that two of my most trusted Senate aides will be leaving my staff. Both have been faithful and selfless in their service to the State of Arkansas, and their contributions will be sorely missed by me, my staff, and the many Arkansans who have had the great fortune of working with these two wonderful public servants.

Patrice Bolling first came to my office before I had even been officially sworn in as Senator. However, she has known the importance of public service much longer. While still in college, Patrice came to Washington for a summer internship in the White House Scheduling Office during the Clinton Administration. She also had the opportunity to work on the staff of my good friend, Senator Dale Bumpers of Arkansas. Not long after receiving her diploma from the University of Arkansas at Fayetteville, she worked for the Democratic Party of Arkansas and soon found herself serving as executive

director of the State party. Patrice then returned to Washington to serve as the scheduler, executive assistant and legislative assistant on the staff of Congressman Marion Berry of Arkansas. I personally came to know Patrice's hard work and dedication when she took time from her duties on Congressman BERRY's staff to work on my campaign for Senate in 2002. Soon after my election, Patrice came to my staff as the scheduler—and I am not sure that my good friend, Congressman BERRY, has ever forgiven me. Since that time, I have found Patrice to be an invaluable asset to my staff; so much so that earlier this year she became our office's operations director. Patrice's leadership in helping establish my Washington, DC office was instrumental. While I am sad to see Patrice leave my staff, I am proud of what she has helped our office accomplish in the past 2½ years. I am confident she will prove as valuable in her new position with a top advertising firm in Austin, TX, and I wish her nothing but the best of luck.

Melissa Moody has been involved in public service to the State of Arkansas since her graduation from the University of Arkansas. She too worked for Senator Bumpers as an intern and as a staff member before returning to Arkansas to pursue a law degree. Although she had not yet finished her studies at the University of Arkansas at Little Rock Law School, Melissa accepted my invitation to join my staff in the Arkansas attorney general's office during my term there. It was there that I saw what an outstanding attitude and work ethic she possesses. She later became my scheduler during my Senate campaign and later returned to Washington as my executive assistant. From the time I met Melissa 6 years ago, she has proven herself to be a dedicated, organized, hardworking, and caring employee. While the demands of her responsibilities would be overwhelming to some, she has always remained levelheaded. Her concern for others, her sense of humor, and her consistent optimism have made her a favorite of her coworkers and a good friend to me. She has been an integral part of our office's success. Melissa is moving home to Arkansas to practice law, where I am certain that the traits that allowed her to become one of my most indispensable staffers will allow her to be a successful and compassionate advocate for her clients. I wish her every success.

Both Patrice and Melissa will be missed by my staff and me. We all wish them the best of luck in their future endeavors and look forward to the day our paths will cross again.

## POSTAL REFORM

Mr. BURNS. Mr. President, I would like to take a few minutes to make some remarks on S. 662, the Postal Accountability and Enhancement Act of 2005. I have decided to support this legislation and I urge my colleagues to do the same. I have heard from Montana's postmasters, rural letter carriers, and customers that the U.S. Postal Service faces several long-term financial challenges that must be fixed.

In the last 5 years alone, first class mail, which accounts for over half of all postal revenue, has dropped dramatically. As different ways of communicating emerge, like using e-mail, the Postal Service will continue to struggle in order to preserve delivery to every address. In other words, if something is not done, the Postal Service will struggle to maintain universal service. This bill guarantees universal service, and as a rural State, Montana relies on this assurance. The Postal Service is the only service provider available in many parts of Montana and allows residents to stay in contact with folks cross the country and the world.

This bill helps resolve the problems with the escrow account. By releasing these funds, the Postal Service would be able to minimize rate increases, help pay off debt owed to the U.S. Treasury, and assist funding health care obligations for their employees.

Recently, a Montanan called me saying, ''If something is not done to preserve the Postal Service, I, along with 3000 Postal employees in Montana, will lose our jobs. We will lose, Montana will lose and most of all, America will lose.'' Mr. President, I agree, and I urge my colleagues to vote in favor of the Postal Accountability and Enhancement Act of 2005.

# ADDITIONAL STATEMENTS

## CONGRATULATIONS TO ELISABETH JANE FISHER

• Mr. CRAIG. Mr. President, I would like to take this opportunity to congratulate Elizabeth Jane Fisher of Boise, ID. She has been named as one of eight national finalists for the Richard T. Farrell Teacher of Merit Award.

Ms. Fisher is being recognized for her ability to develop and use creative methods to make history interesting for her students. As a teacher at Riverstone Community School in Boise, she helps to cultivate exciting discoveries about the past. Her countless hours devoted to the Idaho National History Day have helped to promote an educationally stimulating experience for her dedicated students. She is committed to helping students develop their interests in history and recognize their achievements.

I am heartened by the fact that there are educators who devote much time and effort to shaping the minds of our young people. Teachers educate the future leaders of our country. I am happy to recognize one such teacher who truly is making a difference. Again, let me commend Elizabeth Fisher for this accomplishment. I wish her all the best as she continues her efforts in educating the children of Idaho.•

## CELEBRATING ROTARY INTERNATIONAL'S 100TH ANNIVERSARY

• Mr. FEINGOLD. Mr. President, today I want to take a moment to pay tribute to Rotary International as the organization celebrates its 100th anniversary this week in Chicago. Paul P. Harris' establishment of the original Chicago chapter heralded an era of philanthropic activity and community building that has flourished throughout the last century. Rotary International's extensive public service stands as an example of what we can accomplish through organization and commitment to the common good.

Since its inception, our nation has relied on the cooperation of disparate communities to achieve common goals. Rotary Clubs provide a critical forum of communication for leaders from a wide variety of backgrounds to share information and ideas. Through Rotary, men and women from myriad professions can share thoughts from their distinct perspectives. These perspectives are what gives Rotary its great strength, and have enabled the organization to accomplish so much in the last century.

Without a doubt, one of those great accomplishments has been Rotary International's work, begun in 1985, to eradicate polio through its PolioPlus program. Thanks to the efforts of Rotarians worldwide, the Western Hemisphere, Europe, and the Western Pacific have been declared polio-free. Rotary's continuing success combating polio provides hope to the world's health community as we struggle against the ravages of disease. I am proud to be an original cosponsor of S. Res. 62, a resolution supporting the goals and ideals of a ''Rotary International Day'' and celebrating and honoring Rotary International on the occasion of its centennial anniversary. Last Congress, I was also pleased to be the lead Democratic co-sponsor of S. Con. Res. 111, a resolution expressing the sense of the U.S. Congress that a commemorative stamp should be issued in honor of the centennial anniversary of Rotary International and its work to eradicate this disease.

In addition to Rotary's work to combat polio, the organization also provides indispensable support to students. The Rotary Student of the Month program consistently encourages high school students to become leaders in their schools and communities, while the Rotary scholarship program provides funds for deserving students.

The list of Rotary's contributions to our communities goes on and on. I join people across the U.S., and around the world this year who honor Rotary's many accomplishments as the organization celebrates 100 years of service. I would like to offer my heartfelt congratulations and best wishes for the organization's next 100 years.•

## CONGRATULATING CHRISTINE HENNEBERG

• Mrs. FEINSTEIN. Mr. President, today I wish to congratulate Christine Henneberg of Palo Alto, CA, for winning Second Prize in the prestigious Elie Wiesel Prize in Ethics Essay Contest. This represents a tremendous achievement, and I am pleased to recognize her today.

Rooted in the memory of the Holocaust, Elie Wiesel and his wife, Marion, started the Elie Wiesel Foundation for Humanity to combat indifference, intolerance, and injustice through international and youth-focused programs. Each year, they sponsor the Prize in Ethics Essay Contest to challenge college students to analyze the urgent ethical issues confronting them in today's world. Now in its 17th year, the contest encourages our Nation's students to submit personal essays that raise questions, single out issues, and are compelling arguments for ethical action.

As a senior at Pomona College in California, Christine entered the national essay contest under the sponsorship of Pomona College Professor of Philosophy N. Ann Davis. In her prize winning essay, ''The God on my Grandfather's Table,'' Christine explores the role of the elderly in our society and the implications of the unfortunate and frequent negative perception of the elderly.

Chosen from over hundreds of essays from more than 200 colleges and universities nationwide, Christine's work demonstrates her tremendous maturity and devotion to important issues facing our society.

Christine now plans to attend medical school. I want to wish her the best there and in all she does. She has made our great State proud, and I am happy to commend her today.•

## UTAH'S GOLF AMBASSADOR TO THE WORLD

• Mr. HATCH. Mr. President. I want to take a few moments to honor one of the State of Utah's finest men and an ambassador for golf throughout the world. On May 29, 2005, Mike Reid won the 66th Senior PGA tournament at Laurel Valley Golf Club in Ligonier, PA.

Mike won this event in dramatic fashion. As he strode to the 18th hole, he was three shots down to the leader, Jerry Pate. This hole was a par five that called for a long shot over water if you dared to try and hit the green in two shots. Dana Quigley was already in the clubhouse at 8 under par with Mike at 6 under par and Jerry Pate at 9 under par. Mike had to gamble and went for the green in two. He was able to stick a three iron about 20 feet below the hole and then made a dramatic eagle to go 8 under par and tie Dana Quigley. When Jerry Pate failed to make his par putt, the three men entered a sudden death playoff. Once again Mike was the only player to hit the par five green in two shots, and his tap-in birdie sealed the win in the first Senior Major event of the year.

I have had the privilege of knowing Mike Reid for many years. Mike was a two-time All American at Brigham Young University and finished his collegiate career in 1976. I came to know Mike when he started visiting Washington, DC, to play in the Kemper Open. Over the years, our friendship has continued, and Mike has been gracious enough to donate his time to the charity golf tournament I host each year for the Utah Families Foundation. He had a distinguished career on the regular PGA tour, winning the Tucson Open in 1986 and the World Series of Golf in 1987. In 1990, he won the Casio World Open in Japan.

Mike is a humble soft spoken man, a husband to his wife, Randolyn, and a father to six children, and grandfather to one grandson. When others are seeking the spotlight, Mike is content to look for the things that interest him in life. This was never more evident than during the tournament in Western Pennsylvania, when he left the course on Friday tied for the lead. In the press interviews, they asked him what he would be doing for the rest of the day. Mike informed them that he had always wanted to visit the Jimmy Stewart Museum in Indiana, PA—and that is exactly what he did. His interest in Jimmy Stewart was two-fold: First, Mike admired him as a man who made movies that his whole family could watch and someone willing to walk away from his movie career to serve his nation during World War II; second, Jimmy Stewart shared a spot on a list of pilots receiving medals that included Mike's own father, a B–17 pilot.

Mike followed up his win at the Senior PGA by jumping right back on the leader board at the Allianz Open in Iowa the following week. At the end of the second day he had a two-stroke lead and eventually finished third. True to his form, Mike then went to Colorado to support his son, Daniel, while he played in a junior golf tournament.

The fact that Mike played in the Senior PGA Tournament says much about Mike and his family. As they looked at the schedule, they realized that the Senior PGA Championship was being played on the weekend that his oldest son, Daniel, was graduating from Orem High School, and it was his daughter Clarissa's birthday. The family talked and urged Mike to play that week. Daniel told him that he would rather caddy for his dad than walk across a stage for a minute, but Mike assured him that it was more important for him to stay home and attend his graduation. Mike then took the week off before the Senior PGA to spend with his family.

Mike is a devoted father, a quality best represented by a quote he gave to Sports Illustrated:

> I can live without winning golf championships, but it would be hard to look in the mirror if I was a crummy dad. I'm not going to let golf own me again. This is the type of athlete that all of us are proud to call a hero, someone that has his life in perspective and knows the real things that surround us each day.

I congratulate Mike Reid on his victory at the Senior PGA and I know that we will be seeing much more of Mike on the leader boards of future events.•

## MESSAGES FROM THE HOUSE

At 11:34 a.m., a message from the House of Representatives, delivered by Ms. Niland, one of its reading clerks, announced that the House has passed the following bill and joint resolution, in which it requests the concurrence of the Senate:

H.R.2475. An act to authorize appropriations for fiscal year 2006 for intelligence and intelligence-related activities of the United States Government, the Community Management Account, and the Central Intelligence Agency Retirement and Disability System, and for other purposes.

H.J. Res. 52. Joint resolution approving the renewal of import restrictions contained in the Burmese Freedom and Democracy Act of 2003.

The message further announced that the House has agreed to the following concurrent resolutions, in which it requests the concurrence of the Senate:

H. Con. Res. 160. Concurrent resolution recognizing the historical significance of Juneteenth Independence Day, and expressing the sense of Congress that history should be regarded as a means for understanding the past and solving the challenges of the future.

H. Con. Res. 180. Concurrent resolution to support initiatives developed by the Firefighter Life Safety Summit and the mission of the National Fallen Firefighters Foundation and the United States Fire Administration to reduce firefighter fatalities and injuries, to encourage implementation of the new ''Everyone Goes Home'' campaign to make firefighter safety a national priority, and to support the goals of the national ''stand down'' called by fire organizations.

## MEASURES REFERRED

The following bill was read the first and the second times by unanimous consent, and referred as indicated:

H.R. 2475. An act to authorize appropriations for fiscal year 2006 for intelligence and intelligence-related activities of the United States Government, the Community Management Account, and the Central Intelligence Agency Retirement and Disability System, and for other purposes; to the Committee on Intelligence.

The following concurrent resolution were read, and referred as indicated:

H. Con. Res. 160. Concurrent resolution recognizing the historical significance of Juneteenth Independence Day, and expressing the sense of Congress that history should be regarded as a means for understanding the past and solving the challenges of the future; to the Committee on the Judiciary.

H. Con. Res. 180. Concurrent resolution to support initiatives developed by the Firefighter Life Safety Summit and the mission of the National Fallen Firefighters Foundation and the United States Fire Administration to reduce firefighter fatalities and injuries, to encourage implementation of the

new ''Everyone Goes Home'' campaign to make firefighter safety a national priority, and to support the goals of the national ''stand down'' called by fire organizations; to the Committee on Commerce, Science, and Transportation.

## MEASURES PLACED ON THE CALENDAR

The following joint resolution was read the first and second times by unanimous consent, and placed on the calendar:

H.J. Res. 52. Joint resolution approving the renewal of import restrictions contained in the Burmese Freedom and Democracy Act of 2003.

## EXECUTIVE AND OTHER COMMUNICATIONS

The following communications were laid before the Senate, together with accompanying papers, reports, and documents, and were referred as indicated:

EC–2689. A communication from the Director, Office of Human Resources Management, Department of Energy, transmitting, pursuant to law, the report of a vacancy in the position of Assistant Secretary for Environmental Management, the designation of an Acting Assistant Secretary for Environmental Management, and the name of a nominee to fill the vacancy; to the Committee on Energy and Natural Resources.

EC–2690. A communication from the Assistant Secretary for Fish and Wildlife and Parks, Department of the Interior, transmitting, the report of a draft bill entitled ''Lowell National Historical Park Boundary Adjustment Act'' received on June 17, 2005; to the Committee on Energy and Natural Resources.

EC–2691. A communication from the Acting Chair, Federal Subsistence Board, Fish and Wildlife Service, Department of the Interior, transmitting, pursuant to law, the report of a rule entitled ''Subsistence Management Regulations for Public Lands in Alaska, Subpart C and D—2005–2006 Subsistence Taking of Wildlife Regulations'' (RIN1018–AT70) received on June 16, 2005; to the Committee on Energy and Natural Resources.

EC–2692. A communication from the Assistant Secretary for Fish and Wildlife and Parks, Fish and Wildlife Service, Department of the Interior, transmitting, pursuant to law, the report of a rule entitled ''Migratory Bird Permits; Determination that Falconry Regulations for the State of Connecticut Meet Federal Standards'' (RIN1018–AT63) received on June 16, 2005; to the Committee on Energy and Natural Resources.

EC–2693. A communication from the Executive Director, Commodity Futures Trading Commission, transmitting, pursuant to law, the report of a rule entitled ''17 CFR Parts 1 and 155—Distribution of 'Risk Disclosure Statement' by Futures Commission Merchants and Introducing Brokers'' (RIN3038–AC16) received on June 21, 2005; to the Committee on Agriculture, Nutrition, and Forestry.

EC–2694. A communication from the Executive Director, Commodity Futures Trading Commission, transmitting, pursuant to law, the report of a rule entitled ''17 CFR Part 150—Revision of Federal Speculative Position Limits'' (RIN3038–AC24) received on June 21, 2005; to the Committee on Agriculture, Nutrition, and Forestry.

EC–2695. A communication from the Executive Director, Commodity Futures Trading Commission, transmitting, pursuant to law, the report of a rule entitled ''17 CFR Part 1—Investment of Customer Funds and Record of Investments'' (RIN3038–AC15) received on June 21, 2005; to the Committee on Agriculture, Nutrition, and Forestry.

EC–2696. A communication from the Executive Director, Commodity Futures Trading Commission, transmitting, pursuant to law, the report of a rule entitled ''In the Matter of the New York Mercantile Exchange, Inc. Petition to Extend Interpretation Pursuant to Section 1a(12)(C) of the Commodity Exchange Act'' received on June 21, 2005; to the Committee on Agriculture, Nutrition, and Forestry.

EC–2697. A communication from the Under Secretary of Defense, Acquisition, Technology, and Logistics, Department of Defense, transmitting, pursuant to law, a report relative to the Defense Base Closure and Realignment Act of 1990, as amended; to the Committee on Armed Services.

EC–2698. A communication from the Under Secretary of Defense, Acquisition, Technology, and Logistics, Department of Defense, transmitting, pursuant to law, a report relative to the Defense Base Closure and Realignment Act of 1990, as amended; to the Committee on Armed Services.

EC–2699. A communication from the Under Secretary of Defense, Acquisition, Technology, and Logistics, Department of Defense, transmitting, pursuant to law, a report relative to the Defense Base Closure and Realignment Act of 1990, as amended; to the Committee on Armed Services.

EC–2700. A communication from the Director of Defense Research and Engineering, Department of Defense, transmitting, pursuant to law, the Annual Report of the Strategic Environmental Research and Development Program; to the Committee on Armed Services.

EC–2701. A communication from the Publications Control Officer, Department of the Army, Department of Defense, transmitting, pursuant to law, the report of a rule entitled ''Motor Vehicle Traffic Supervision'' (RIN0702–AA43) received on June 16, 2005; to the Committee on Armed Services.

EC–2702. A communication from the Principal Deputy for Personnel and Readiness, Office of the Under Secretary of Defense, Department of Defense, transmitting, pursuant to law, a report of the authorization to wear the insignia of the grade of rear admiral (lower half); to the Committee on Armed Services.

EC–2703. A communication from the Acting Under Secretary of Defense, transmitting, pursuant to law, the report of a violation of the Antideficiency Act, case number 03–02; to the Committee on Appropriations.

EC–2704. A communication from the Under Secretary of Defense, transmitting, pursuant to law, the report of a violation of the Antideficiency Act, case number 02–03; to the Committee on Appropriations.

EC–2705. A communication from the General Counsel, Office of Federal Housing Enterprise Oversight, transmitting, pursuant to law, the report of a vacancy in the position of Director, Office of Federal Housing Enterprise Oversight, received on June 18, 2005; to the Committee on Banking, Housing, and Urban Affairs.

## REPORTS OF COMMITTEES

The following reports of committees were submitted:

By Mr. INHOFE, from the Committee on Environment and Public Works, with amendments:

S. 260. A bill to authorize the Secretary of the Interior to provide technical and financial assistance to private landowners to restore, enhance, and manage private land to improve fish and wildlife habitats through the Partners for Fish and Wildlife Program (Rept. No. 109–86).

## EXECUTIVE REPORTS OF COMMITTEES

The following executive reports of committees were submitted:

By Mr. LUGAR for the Committee on Foreign Relations.

*Emil A. Skodon, of Illinois, to be Ambassador to Brunei Darussalam.

Nominee: Emil M. Skodon.

Post: Brunei Darussalam.

The following is a list of all members of my immediate family and their spouses. I have asked each of these persons to inform me of the pertinent contributions made by them. To the best of my knowledge, the information contained in this report is complete and accurate.

Contributions, Amount, Date, and Donee:

1. Self: None.
2. Spouse: Dorothea Skodon: None.
3. Children and Spouses: Catherine Skodon: None; Christine Skodon: None.
4. Parents: Emil J. Skodon: Deceased; Ann Skodon: Deceased.
5. Grandparents: Jan Skodon: Deceased; Appolina Skodon: Deceased; William Soltes: Deceased; Francis Soltes: Deceased.
6. Brothers and Spouses: None.
7. Sisters and Spouses: None.

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*Joseph A. Mussomeli, of Virginia, to be Ambassador to the Kingdom of Cambodia.

Nominee: Joseph Adamo Mussomeli.

Post: Cambodia; Nominated Feb. 17, 2005.

The following is a list of all members of my immediate family and their spouses. I have asked each of these persons to inform me of the pertinent contributions made by them. To the best of my knowledge, the information contained in this report is complete and accurate.

Contributions, Amount, Date, and Donee:

1. Self: 0.
2. Spouse: 0.
3. Children and Spouses: 0.
4. Parents: N/A.
5. Grandparents: N/A.
6. Brothers and Spouses: 0.
7. Sisters and Spouses: 0.

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*Larry Miles Dinger, of Iowa, to be Ambassador to the Republic of the Fiji Islands, and to serve concurrently and without additional compensation as Ambassador to the Republic of Nauru, the Kingdom of Tonga, Tuvalu, and the Republic of Kiribati.

Nominee: Larry Miles Dinger.

Post: Ambassador to Fiji, Kiribati, Nauru, Tonga, and Tuvalu.

The following is a list of all members of my immediate family and their spouses. I have asked each of these persons to inform me of the pertinent contributions made by them. To the best of my knowledge, the information contained in this report is complete and accurate.

Contributions, Amount, Date, and Donee:

1. Self: None.
2. Spouse: Paula Gaffey Dinger: None.
3. Children and Spouses: Cristina Maria Dinger: None; James Thomas Dinger: None; William Lyle Dinger: None.
4. Parents: Lyle Dinger (deceased); Lauraine Miles Dinger (deceased).
5. Grandparents: William and Estella Miles (deceased): William and Christina Dinger (deceased).
6. Brothers and Spouses: John and Michie Dinger: None; Glen and Elizabeth Dinger (brother deceased).

7. Sisters and Spouses: Jan and Daniel Duggan: None.

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*Ronald E. Neumann, of Virginia, to be Ambassador to the Islamic Republic of Afghanistan.

Nominee: Ronald E. Neumann.

Post: Afghanistan; Nominated: May 13, 2005.

The following is a list of all members of my immediate family and their spouses. I have asked each of these persons to inform me of the pertinent contributions made by them. To the best of my knowledge, the information contained in this report is complete and accurate.

Contributions, Amount, Date, and Donee:

1. Self: Ronald E. Neumann: None.

2. Spouse: Margaret Elaine Neumann: None.

3. Children and Spouses: Brian Neumann: None; Helen Neumann: None.

4. Parents: Robert G. Neumann (deceased): N/A; Marlen Eldredge (deceased): N/A.

5. Grandparents: N/A.

6. Brothers and Spouses: Gregory W. Neumann: None.

7. Sisters and Spouses: N/A.

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*Gregory L. Schulte, of Virginia, to be Representative of the United States of America to the Vienna Office of the United Nations, with the rank of Ambassador.

*Gregory L. Schulte, of Virginia, to be Representative of the United States of America to the International Atomic Energy Agency, with the rank of Ambassador.

Nominee: Gregory L. Schulte.

Post: U.N.—Vienna.

The following is a list of all members of my immediate family and their spouses. I have asked each of these persons to inform me of the pertinent contributions made by them. To the best of my knowledge, the information contained in this report is complete and accurate.

Contributions, Amount, Date, and Donee:

1. Self: None.

2. Spouse: Nancy Schulte: $50, 6/04, Senator Lieberman.

3. Children and Spouses: Laura Schulte (unmarried): Alexander Schulte (unmarried): None.

4. Parents: Frank and Elaine Schulte: $50, 1/28/02, Republican Cong'l Cmtee; $1,000, 4/23/04, Bush-Cheney; $1,000, 9/9/04, Republican Nat'l Cmtee.

5. Grandparents: Edward and Ester Schulte (deceased); Dietrich and Louise Matthew (deceased): None.

6. Brothers and Spouses: Richard Schulte: Unknown (out of contact).

7. Sisters and Spouses: None: N/A.

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*Michael E. Hess, of New York, to be an Assistant Administrator of the United States Agency for International Development.

*Dina Habib Powell, of Texas, to be an Assistant Secretary of State (Educational and Cultural Affairs).

By Ms. COLLINS for the Committee on Homeland Security and Governmental Affairs.

A. Noel Anketell Kramer, of the District of Columbia, to be an Associate Judge of the District of Columbia Court of Appeals for the term of fifteen years.

Laura A. Cordero, of the District of Columbia, to be an Associate Judge of the Superior Court of the District of Columbia for the term of fifteen years.

*Linda Morrison Combs, of North Carolina, to be Controller, Office of Federal Financial Management, Office of Management and Budget.

*Linda M. Springer, of Pennsylvania, to be Director of the Office of Personnel Management for a term of four years.

*Nomination was reported with recommendation that it be confirmed subject to the nominee's commitment to respond to requests to appear and testify before any duly constituted committee of the Senate.

(Nominations without an asterisk were reported with the recommendation that they be confirmed.)

## INTRODUCTION OF BILLS AND JOINT RESOLUTIONS

The following bills and joint resolutions were introduced, read the first and second times by unanimous consent, and referred as indicated:

By Ms. STABENOW (for herself and Mr. LEVIN):

S. 1285. A bill to designate the Federal building located at 333 Mt. Elliott Street in Detroit, Michigan, as the ''Rosa Parks Federal Building''; to the Committee on Environment and Public Works.

By Mr. KENNEDY (for himself and Mr. CORZINE):

S. 1286. A bill to require States to report data on medicaid beneficiaries who are employed; to the Committee on Finance.

By Mr. COLEMAN (for himself and Ms. LANDRIEU):

S. 1287. A bill to amend the definition of independent student for purposes of the need analysis in the Higher Education Act of 1965 to include older adopted students; to the Committee on Health, Education, Labor, and Pensions.

By Mr. WYDEN (for himself and Mr. AKAKA):

S. 1288. A bill to authorize the Secretary of the Interior to enter into cooperative agreements to protect natural resources of units of the National Park System through collaborative efforts on land inside and outside of units of the National Park System; to the Committee on Energy and Natural Resources.

By Ms. MIKULSKI (for herself, Mrs. CLINTON, Mr. KENNEDY, Mrs. MURRAY, Mrs. BOXER, Ms. CANTWELL, and Mr. SARBANES):

S. 1289. A bill to provide for research and education with respect to uterine fibroids, and for other purposes; to the Committee on Health, Education, Labor, and Pensions.

## SUBMISSION OF CONCURRENT AND SENATE RESOLUTIONS

The following concurrent resolutions and Senate resolutions were read, and referred (or acted upon), as indicated:

By Mr. LOTT (for himself, Mr. DODD, Mr. FRIST, Mr. REID, Mr. STEVENS, Mr. DURBIN, Mr. COCHRAN, and Mr. ALLARD):

S. Res. 179. A resolution to provide for oversight over the Capitol Visitors Center by the Architect of the Capitol; to the Committee on Rules and Administration.

## ADDITIONAL COSPONSORS

S. 37

At the request of Mrs. FEINSTEIN, the names of the Senator from Virginia (Mr. WARNER), the Senator from Alaska (Mr. STEVENS) and the Senator from Oklahoma (Mr. COBURN) were added as cosponsors of S. 37, a bill to extend the special postage stamp for breast cancer research for 2 years.

S. 241

At the request of Ms. SNOWE, the name of the Senator from Alaska (Ms. MURKOWSKI) was added as a cosponsor of S. 241, a bill to amend section 254 of the Communications Act of 1934 to provide that funds received as universal service contributions and the universal service support programs established pursuant to that section are not subject to certain provisions of title 31, United States Code, commonly known as the Antideficiency Act.

S. 313

At the request of Mr. LUGAR, the name of the Senator from Colorado (Mr. SALAZAR) was added as a cosponsor of S. 313, a bill to improve authorities to address urgent nonproliferation crises and United States nonproliferation operations.

S. 419

At the request of Mr. KYL, the name of the Senator from Georgia (Mr. CHAMBLISS) was added as a cosponsor of S. 419, a bill to amend the Internal Revenue Code of 1986 to modify the treatment of qualified restaurant property as 15-year property for purposes of the depreciation deduction.

S. 424

At the request of Mr. BOND, the name of the Senator from New York (Mr. SCHUMER) was added as a cosponsor of S. 424, a bill to amend the Public Health Service Act to provide for arthritis research and public health, and for other purposes.

S. 441

At the request of Mr. FRIST, his name was added as a cosponsor of S. 441, a bill to amend the Internal Revenue Code of 1986 to make permanent the classification of a motorsports entertainment complex.

S. 593

At the request of Ms. COLLINS, the name of the Senator from Oklahoma (Mr. COBURN) was added as a cosponsor of S. 593, a bill to amend title VII of the Tariff Act of 1930 to provide that the provisions relating to countervailing duties apply to nonmarket economy countries.

S. 611

At the request of Ms. COLLINS, the name of the Senator from Minnesota (Mr. COLEMAN) was added as a cosponsor of S. 611, a bill to establish a Federal Interagency Committee on Emergency Medical Services and a Federal Interagency Committee on Emergency Medical Services Advisory Council, and for other purposes.

S. 614

At the request of Mr. SPECTER, the name of the Senator from Georgia (Mr. CHAMBLISS) was added as a cosponsor of S. 614, a bill to amend title 38, United States Code, to permit medicare-eligible veterans to receive an out-patient medication benefit, to provide that certain veterans who receive such benefit are not otherwise eligible for medical care and services from the Department of Veterans Affairs, and for other purposes.

S. 633

At the request of Mr. JOHNSON, the name of the Senator from Florida (Mr.

MARTINEZ) was added as a cosponsor of S. 633, a bill to require the Secretary of the Treasury to mint coins in commemoration of veterans who became disabled for life while serving in the Armed Forces of the United States.

S. 642

At the request of Mr. FRIST, the names of the Senator from Florida (Mr. MARTINEZ) and the Senator from Utah (Mr. BENNETT) were added as cosponsors of S. 642, a bill to support certain national youth organizations, including the Boy Scouts of America, and for other purposes.

S. 651

At the request of Mr. REID, the name of the Senator from Alaska (Mr. STEVENS) was added as a cosponsor of S. 651, a bill to amend title 5, United States Code, to make creditable for civil service retirement purposes certain periods of service performed with Air America, Incorporated, Air Asia Company Limited, or the Pacific Division of Southern Air Transport, Incorporated, while those entities were owned or controlled by the Government of the United States and operated or managed by the Central Intelligence Agency.

S. 662

At the request of Ms. COLLINS, the names of the Senator from Virginia (Mr. WARNER), the Senator from Montana (Mr. BURNS) and the Senator from Arkansas (Mr. PRYOR) were added as cosponsors of S. 662, a bill to reform the postal laws of the United States.

S. 681

At the request of Mr. HATCH, the name of the Senator from Louisiana (Mr. VITTER) was added as a cosponsor of S. 681, a bill to amend the Public Health Service Act to establish a National Cord Blood Stem Cell Bank Network to prepare, store, and distribute human umbilical cord blood stem cells for the treatment of patients and to support peer-reviewed research using such cells.

S. 705

At the request of Mr. SARBANES, the names of the Senator from Rhode Island (Mr. REED) and the Senator from Florida (Mr. MARTINEZ) were added as cosponsors of S. 705, a bill to establish the Interagency Council on Meeting the Housing and Service Needs of Seniors, and for other purposes.

S. 852

At the request of Mr. SPECTER, the name of the Senator from New Mexico (Mr. DOMENICI) was added as a cosponsor of S. 852, a bill to create a fair and efficient system to resolve claims of victims for bodily injury caused by asbestos exposure, and for other purposes.

S. 898

At the request of Mr. TALENT, his name was added as a cosponsor of S. 898, a bill to amend the Public Health Service Act to authorize a demonstration grant program to provide patient navigator services to reduce barriers and improve health care outcomes, and for other purposes.

S. 919

At the request of Mr. BURNS, the name of the Senator from Idaho (Mr. CRAPO) was added as a cosponsor of S. 919, a bill to amend title 49, United States Code, to enhance competition among and between rail carriers in order to ensure efficient rail service and reasonable rail rates, and for other purposes.

S. 956

At the request of Mr. GRASSLEY, the name of the Senator from Texas (Mr. CORNYN) was added as a cosponsor of S. 956, a bill to amend title 18, United States Code, to provide assured punishment for violent crimes against children, and for other purposes.

S. 1002

At the request of Mr. BAUCUS, the name of the Senator from Hawaii (Mr. INOUYE) was added as a cosponsor of S. 1002, a bill to amend title XVIII of the Social Security Act to make improvements in payments to hospitals under the medicare program, and for other purposes.

S. 1081

At the request of Mr. KYL, the name of the Senator from Kentucky (Mr. BUNNING) was added as a cosponsor of S. 1081, a bill to amend title XVIII of the Social Security Act to provide for a minimum update for physicians' services for 2006 and 2007.

S. 1088

At the request of Mr. KYL, the name of the Senator from Georgia (Mr. CHAMBLISS) was added as a cosponsor of S. 1088, a bill to establish streamlined procedures for collateral review of mixed petitions, amendments, and defaulted claims, and for other purposes.

S. 1109

At the request of Mr. LOTT, the name of the Senator from Minnesota (Mr. COLEMAN) was added as a cosponsor of S. 1109, a bill to amend title XVIII of the Social Security Act to provide payments to Medicare ambulance suppliers of the full cost of furnishing such services, to provide payments to rural ambulance providers and suppliers to account for the cost of serving areas with low population density, and for other purposes.

S. 1112

At the request of Mr. BAUCUS, the name of the Senator from Vermont (Mr. LEAHY) was added as a cosponsor of S. 1112, a bill to make permanent the enhanced educational savings provisions for qualified tuition programs enacted as part of the Economic Growth and Tax Relief Reconciliation Act of 2001.

S. 1129

At the request of Mr. LUGAR, the names of the Senator from Florida (Mr. MARTINEZ) and the Senator from New York (Mrs. CLINTON) were added as cosponsors of S. 1129, a bill to provide authorizations of appropriations for certain development banks, and for other purposes.

S. 1143

At the request of Mr. ENZI, the name of the Senator from Alaska (Mr. STEVENS) was added as a cosponsor of S. 1143, a bill to provide death and disability benefits for aerial firefighters who work on a contract basis for a public agency and suffer death or disability in the line of duty, and for other purposes.

S. 1171

At the request of Mr. SPECTER, the names of the Senator from New Jersey (Mr. LAUTENBERG) and the Senator from Michigan (Ms. STABENOW) were added as cosponsors of S. 1171, a bill to halt Saudi support for institutions that fund, train, incite, encourage, or in any other way aid and abet terrorism, and to secure full Saudi cooperation in the investigation of terrorist incidents, and for other purposes.

S. 1174

At the request of Mr. FEINGOLD, the name of the Senator from New York (Mr. SCHUMER) was added as a cosponsor of S. 1174, a bill to authorize the President to posthumously award a gold medal on behalf of Congress to Robert M. La Follette, Sr., in recognition of his important contributions to the Progressive movement, the State of Wisconsin, and the United States.

S. 1221

At the request of Mr. DAYTON, the name of the Senator from Virginia (Mr. ALLEN) was added as a cosponsor of S. 1221, a bill to amend chapter 81 of title 5, United States Code, to create a presumption that a disability or death of a Federal employee in fire protection activities caused by any of certain diseases is the result of the performance of such employee's duty.

S. 1281

At the request of Mrs. HUTCHISON, the names of the Senator from Alaska (Mr. STEVENS) and the Senator from Hawaii (Mr. INOUYE) were added as cosponsors of S. 1281, a bill to authorize appropriations for the National Aeronautics and Space Administration for science, aeronautics, exploration, exploration capabilities, and the Inspector General, and for other purposes, for fiscal years 2006, 2007, 2008, 2009, and 2010.

S. RES. 31

At the request of Mr. COLEMAN, the names of the Senator from Maine (Ms. SNOWE) and the Senator from Minnesota (Mr. DAYTON) were added as cosponsors of S. Res. 31, a resolution expressing the sense of the Senate that the week of August 7, 2005, be designated as ''National Health Center Week'' in order to raise awareness of health services provided by community, migrant, public housing, and homeless health centers, and for other purposes.

S. RES. 33

At the request of Mr. LEVIN, the name of the Senator from Hawaii (Mr. AKAKA) was added as a cosponsor of S. Res. 33, a resolution urging the Government of Canada to end the commercial seal hunt.

S. RES. 173

At the request of Mr. KENNEDY, the name of the Senator from New Jersey (Mr. LAUTENBERG) was added as a cosponsor of S. Res. 173, a resolution expressing support for the Good Friday Agreement of 1998 as the blueprint for lasting peace in Northern Ireland.

AMENDMENT NO. 799

At the request of Mr. VOINOVICH, the name of the Senator from New Jersey (Mr. CORZINE) was added as a cosponsor of amendment No. 799 proposed to H.R. 6, to ensure jobs for our future with secure, affordable, and reliable energy.

AMENDMENT NO. 816

At the request of Mr. KOHL, the name of the Senator from Wisconsin (Mr. FEINGOLD) was added as a cosponsor of amendment No. 816 intended to be proposed to H.R. 6, to ensure jobs for our future with secure, affordable, and reliable energy.

AMENDMENT NO. 839

At the request of Mr. LAUTENBERG, the name of the Senator from New Jersey (Mr. CORZINE) was added as a cosponsor of amendment No. 839 proposed to H.R. 6, to ensure jobs for our future with secure, affordable, and reliable energy.

AMENDMENT NO. 840

At the request of Mr. SMITH, the name of the Senator from Utah (Mr. HATCH) was added as a cosponsor of amendment No. 840 intended to be proposed to H.R. 6, to ensure jobs for our future with secure, affordable, and reliable energy.

## STATEMENTS ON INTRODUCED BILLS AND JOINT RESOLUTIONS

By Ms. STABENOW (for herself and Mr. LEVIN):

S. 1285. A bill to designate the Federal building located at 333 Mt. Elliott Street in Detroit, Michigan, as the ''Rosa Parks Federal Building''; to the Committee on Environment and Public Works.

Ms. STABENOW. Mr. President, I rise today to introduce legislation that will designate the Federal building located at 333 Mt. Elliott Street in Detroit, MI, as the ''Rosa Parks Federal Building.'' I want to thank Senator LEVIN for joining me on this bill.

On December 1, 1955, Mrs. Parks left work in her hometown of Montgomery, AL and boarded a bus headed for home. When the bus became crowded, she was ordered by the bus driver to give up her seat to a white male passenger. She refused. Mrs. Parks was arrested, and 4 days later the Montgomery Bus Boycott began. The Boycott lasted for over a year until the Montgomery buses were officially desegregated in December of 1956.

Rosa Parks is simply one courageous woman who did what she believed was fair and right. She is a testament to the power of one individual willing to fight for her beliefs. Her actions set the Civil Rights Movement in motion and set a precedent for protest without violence. I would like to thank Rosa Parks for her contribution to freedom and justice for all men and women in this country. Her actions changed the course of history.

Rosa Parks moved to Detroit in 1957. In 1977, she and Elaine Easton Steel founded the Rosa and Raymond Parks Institute for Self-Development in Detroit to offer guidance to young African Americans. She still calls Detroit home and has lived there for nearly 50 years. Nicknamed the ''Mother of Civil Rights,'' Parks was awarded the Presidential Medal of Freedom in 1996—the highest civilian award this Nation can bestow. Naming the building that currently houses the Federal Homeland Security office in Detroit is but one more way for our Nation to recognize and thank Mrs. Parks for her contribution to our country. It is an honor she richly deserves, and one I urge my colleagues to support.

I ask unanimous consent that the text of the legislation be printed in the RECORD.

There being no objection, the bill was ordered to be printed in the RECORD, as follows:

S. 1285

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

**SECTION 1. DESIGNATION.**

The Federal building located at 333 Mt. Elliott Street in Detroit, Michigan, shall be known and designated as the ''Rosa Parks Federal Building''.

**SEC. 2. REFERENCES.**

Any reference in a law, map, regulation, document, paper, or other record of the United States to the Federal building referred to in section 1 shall be deemed to be a reference to the ''Rosa Parks Federal Building''.

Mr. LEVIN. Mr. President, I am proud to join with Senator STABENOW in introducing legislation to name the Federal building located at 333 Mt. Elliott Street in Detroit, MI, in honor of Mrs. Rosa Parks, ''mother of the civil rights movement.'' I also want to commend Representative CAROLYN CHEEKS KILPATRICK for her leadership in sponsoring this initiative last week in the House

Rosa Parks is an American heroine. When this gentle warrior decided that she would no longer tolerate the humiliation and demoralization of racial segregation on a bus in Montgomery, AL, her act of defiance launched the modern civil rights movement in America. By refusing to move to the back of that bus, she inspired a yearlong, citywide bus boycott by African Americans in Montgomery that led to a Supreme Court decision outlawing segregation on buses and introduced a young local leader named Martin Luther King to the Nation. It was a turning point in American history that challenged the conscience of the country and the world.

Rosa Parks' stand that day was not an isolated incident but part of a lifetime struggle for equality and justice. Twelve years earlier, for instance, she had been arrested for violating another segregation law, which required African Americans to pay their fares at the front of the bus and then re-board from the rear. In the years that followed her solitary protest, she was a prominent figure in the civil rights movement. In 1987, she co-founded the Rosa and Raymond Parks Institute for Self-Development, which continues to offer young people hands-on opportunities to learn about civil rights in America.

Although Rosa Parks will be forever associated with one day in Montgomery, AL, she lived most of her life in my home State of Michigan. She came to Detroit under sad circumstances—harassment and threats on her life—but she built a new life there. We in Michigan are proud to call her one of our own, and we want to recognize her enormous contributions by renaming this federal building in her honor. Appropriately, the building is a historic one, built in 1855 and used as a hospital during the Civil War. This legislation will ensure that the proud legacy of Rosa Parks is properly recognized in Michigan, and I urge my colleagues to support this bill.

By Mr. KENNEDY (for himself and Mr. CORZINE):

S. 1286. A bill to require States to report data on medicaid beneficiaries who are employed; to the Committee on Finance.

Mr. KENNEDY. Mr. President, it's an honor to join Senator CORZINE and Congressman WEINER to introduce the Health Care Accountability Act.

Americans believe that a fair day's work should bring a fair day's pay. That's the American dream. But that's not the case at Wal-Mart. Somehow, the biggest company in the world can't manage to pay its workers a living wage. Thousands of workers in Wal-Mart can't afford health insurance and have to rely on Medicaid to cover their families' health needs.

We are here today to say there is no place for that kind of corporate citizenship in America. It is time for Wal-Mart, the Nation's largest employer, to act responsibly. The company prides itself on selling products at rock-bottom prices. Last year, it raked in $10 billion in profits, up 13 percent from 2003. It is no mystery why Wal-Mart does so well—it buys its goods overseas and pays its 1.6 million employees next to nothing to sell them. Yet Wal-Mart just keeps getting bigger as its wages fall farther and farther behind.

We see the same effect throughout the economy. Companies are making huge profits on the backs of their employees. Since the end of the recession, profits are up more than 70 percent nationally, yet wages are stagnant. More and more of what the economy produces is going to business profits, and less to workers, than at any time since such records began in 1929. There is plenty for the Executive Suite, but it is time for a fair share for employees' pay and benefits, too.

We all end up footing the bill when employers refuse to pay a living wage. Many companies are making record-breaking profits, yet they shift millions of dollars in health costs to the public. In 15 States where data are available, Wal-Mart employees are receiving almost $200 million in Federal and State health benefits. Massachusetts spent almost $3 million last year to provide health Care to 3,000 Wal-Mart workers and their families.

The bill we announce today begins to hold these companies accountable. All it asks is that States disclose the number of employees in large companies who receive State medical assistance, and the cost to the States for providing that care.

Massachusetts was the first State to mandate such a study. The first report, released in February, found that the State was paying $53 million for health care for, employees at some of the largest, most profitable firms—including Dunkin Donuts, Stop & Shop, and Wal-Mart.

Medicaid and CHIP provide a critical safety net for low-income women and children, the disabled, and the elderly. They should not also have to underwrite the profits for large companies like Wal-Mart.

I ask unanimous consent that the text of the bill be printed in the RECORD.

There being no objection, the bill was ordered to be printed in the RECORD, as follows:

S. 1286

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

**SECTION 1. SHORT TITLE.**

This Act may be cited as the ''Health Care Accountability Act''.

**SEC. 2. STATE REQUIREMENT TO REPORT DATA ON MEDICAID BENEFICIARIES WHO ARE EMPLOYED.**

(a) REPORTING REQUIREMENT.—Section 1902(a) of the Social Security Act (42 U.S.C. 1396a(a)) is amended in the first sentence—

(1) by striking ''and'' at the end of paragraph (66);

(2) by striking the period at the end of paragraph (67) and inserting ''; and''; and

(3) by inserting after paragraph (67) the following new paragraph:

''(68) provide for the annual reporting by the State, using data only from applications by individuals for medical assistance under the State plan, on each employer in the State with 50 or more employees who received medical assistance under this title at any time during the previous year, such reporting to include with respect to the employer (A) the name and address of the employer, (B) the number of employees who receive such medical assistance during the previous year, which may include a separate listing of the numbers of part-time and full-time employees if such data is available, (C) the number of individuals who receive such medical assistance during the previous year who are spouses or dependents of such employees, (D) the cost to the State of providing such medical assistance during the previous year to such employees, spouses, and dependents, and (E) the ratio of employees who receive such medical assistance during the previous year to the total employees in the State during that previous year.''.

(b) EFFECTIVE DATE.—The amendments made by subsection (a) shall apply with respect to 2006 and each subsequent year.

(c) INITIAL REPORT.—Not later than July 1, 2006, the Secretary of Health and Human Services shall provide for an initial mid-year report by each State with a State plan approved under title XI or XIX of the Social Security Act of the information described in section 1902(a)(68) of such Act, as added by subsection (a).

(d) RULE OF CONSTRUCTION.—Nothing in this Act shall be construed as superseding requirements for the protection of patient privacy provided for under section 264(c) of the Health Insurance Portability and Accountability Act of 1996 (42 U.S.C. 1320d-2 note), under part C of title XI of the Social Security Act, or under any other provision of Federal law.

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By Mr. COLEMAN (for himself and Ms. LANDRIEU):

S. 1287. A bill to amend the definition of independent student for purposes of the need analysis in the Higher Education Act of 1965 to include older adopted students; to the Committee on Health, Education, Labor, and Pensions.

Mr. COLEMAN. Mr. President, as United States Senators, we are well aware of the difficulty in making tough decisions. But, a tough decision for a thirteen-year-old foster care child shouldn't be choosing between being adopted and having a permanent loving, stable, and secure family, or attending college for a promising future. Today, I am proud to be joined by my friend, Senator MARY LANDRIEU from Louisiana in introducing the Fostering Adoption To Further Student Achievement Act because we believe all youth deserve both a loving family and a future of hope.

Our legislation promotes older adoptions of foster care youth by not later penalizing the adopting family when their student applies for student Federal financial aid.

We've heard from former foster teens across our Nation who have stated that they were better off ''aging'' out of the foster care system than being adopted by a family because of a fear of losing student Federal financial aid because as a foster student they don't have to report any parental income on their student financial aid application.

Our legislation provides a solution by amending the definition of ''independent student'' to include foster care youth who were adopted after the age of thirteen in the Higher Education Act of 1965. Thus, the family and student would not be penalized on their Federal financial aid as their classification would be determined by only the student's ability to pay. Most prospective adopting parents would not have financially planned for an older teen becoming part of their family. Our legislation offers an incentive to promote older adoptions rather than having the teen stay in foster families until they ''age out.''

The numbers are startling and its time we act. Currently, 20,000 youth ''age'' out of the foster care system each year with 30 percent of these youth incarcerated within 12 months of doing so. There are 523,000 children in foster care with nearly half the kids over the age of 10. Children in foster care are twice as likely as the rest of the population to drop out before finishing high school. Several foster care alumni studies indicate that within three years after leaving foster care: only 54 percent had earned their high school diploma, only 14 percent had graduated from a four-year college, and 25 to 44 percent had experienced homelessness.

Statistics show youth that are adopted out of the foster care system attend college, have stable lives, have a permanent family, and have a future of hope. One to two years of community college coursework significantly increases the likelihood of economic self-sufficiency. A college degree is the single greatest factor in determining access to better job opportunities and higher earnings.

The Fostering Adoption To Further Student Achievement Act ensures that children don't have to make a tough decision between choosing to have a family or an education.

I ask unanimous consent that the text of the bill be printed in the RECORD.

There being no objection, the bill was ordered to be printed in the RECORD, as follows:

S. 1287

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

**SECTION 1. SHORT TITLE.**

This Act may be cited as the ''Fostering Adoption to Further Student Achievement Act''.

**SEC. 2. AMENDMENT TO INDEPENDENT STUDENT.**

Section 480(d) of the Higher Education Act of 1965 (20 U.S.C. 1087vv(d)) is amended—

(1) in paragraph (6), by striking ''or'' after the semicolon;

(2) in paragraph (7), by striking the period at the end and inserting ''; or''; and

(3) by adding at the end the following:

''(8) was adopted from the foster care system when the individual was 13 years of age or older.''.

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By Mr. WYDEN (for himself and Mr. AKAKA):

S. 1288. A bill to authorize the Secretary of the Interior to enter into cooperative agreements to protect natural resources of units of the National Park System through collaborative efforts on land inside and outside of units of the National Park System; to the Committee on Energy and Natural Resources.

Mr. WYDEN. Mr. President, today I introduce legislation to authorize the Secretary of the Interior to enter into cooperative agreements to protect National Parks through collaborative efforts on lands inside and outside of National Park System units.

This legislation is based on very successful watershed protection legislation enacted for the Forest Service and the Bureau of Land management, now

commonly referred to as the Wyden amendment. The Wyden amendment, first enacted in 1998 for fiscal year 1999, has resulted in countless Forest Service and Bureau of Land Management cooperative agreements with neighboring State and local land owners to accomplish high priority restoration, protection and enhancement work on public and private lands. It has not required additional funding, but has allowed the agencies to leverage their scarce restoration dollars thereby allowing the federal dollars stretch farther.

The legislation I introduce today will allow the Park Service to use a similar authority to attack natural threats to National Parks, such as invasive weeds, before they cross onto Parks' land. The National Park Service tells me that if they have to wait until the weeds hit the Parks before treating them the costs for treatment rise exponentially and the probability of beating the weeds back drop exponentially.

I ask unanimous consent that examples of projects the National Park Service would with this authority, as well as the groups with which they would partner be printed in the RECORD. I am please that Senator AKAKA is joining me as an original cosponsor of this legislation and I hope my other colleagues will join me as cosponsors of this legislation and in ensuring its swift passage.

There being no objection, the material was ordered to be printed in the RECORD, as follows:

POTENTIAL COOPERATIVE PROJECTS ADJACENT TO OR NEARBY NPS LANDS:

STATE: ALABAMA

Exotic Plants

Park Unit: Russell Cave National Monument. Partner: Alabama Department of Game and Fish Projects/Pest: Autumn olive.

STATE: ALASKA

Exotic Plants

Park Unit: Denali National Park and Preserve. Partner: Private landowner and Alaska Department of Transportation. Projects/Pest: Remove multiple species from an isolated location in Kantishna White sweet clover along the Park's Highway.

Park Unit: Gates of the Arctic National Park and Preserve. Partner: Alaska Department of Transportation, Bureau of Land Management. Projects/Pest: Multiple species moving up the Dalton Highway towards the park.

Park Unit: Glacier Bay National Park and Preserve. Partner: Town of Gustavus. Projects/Pest: Remove multiple species from isolated locations.

Park Unit: Kenai Fjords National Park. Partner: U.S. Forest Service. Projects/Pest: Yellow sweetclover on Exit Glacier Road.

Park Unit: Klondike Gold Rush Historical Park. Partner: Town of Skagway. Projects/Pest: White sweetclover, Butter-and-eggs.

Park Unit: Sitka National Historical Park. Partner: City of Sitka. Projects/Pest: Japanese knotweed.

Park Unit: Wrangell-St. Elias National Park and Preserve. Partner: Town of McCarthy and Alaska Department of Transportation, Bureau of Land Management. Projects/Pest: Remove multiple species from isolated locations and White sweetclover on area roadways.

STATE: ARIZONA

Exotic Plants

Park Unit: Canyon de Chelly National Monument. Partner: Navajo Indian Reservation. Project/Pest: Tamarisk and Russian olive.

Park Unit: Grand Canyon National Park. Partner: Hualapai Indian Reservation. Project/Pest: Remove Tamarisk from shared drainages.

Park Unit: Hubbell Trading Post National Historic Site. Partner: Navajo Indian Reservation. Project/Pest: Pueblo Colorado Wash tamarisk and Russian olive.

STATE: CALIFORNIA

Exotic Plants

Park Unit: Death Valley National Park. Partners: Private lands (Shoshone, CA), Bureau of Land Management, State Fish and Game. Projects/Pest: Amargosa River tamarisk control Saline Valley tamarisk.

Park Unit: Golden Gate National Recreation Area. Partners: Private land. Projects/Pest: Remove Pampas grass serving as a seed source re-infesting NPS lands.

Park Unit: Golden Gate National Recreation Area. Partner: State and Private lands. Projects/Pest: Jubata grass.

Park Unit: Mojave National Preserve. Partners: Private and State land. Project/Pest: Tamarisk near I1–15 corridor, scattered in-holdings and mine sites.

Aquatic Resources

Park Unit: Golden Gate National Recreation Area. Partners: Private and Public lands. Projects/Pest: Work with City/College and others to facilitate movement of listed butterfly between two separated NPS parcels.

Park Unit: Point Reyes National Seashore. Partners: Private lands. Project/Pest: Restore eroded stream channels benefiting the salmonid fishery in the park.

Park Unit: Santa Monica Mountains National Recreation Area. Partners: Private lands, City and County government, NGO's. Project/Pest: Numerous projects to stabilize, mitigate or restore land disturbances affecting runoff and erosion processes.

Geologic Resources

Park Unit: Redwood National Park. Partners: Private lands. Project/Pest: Work collaboratively to implement erosion control measures from roads associated with timber harvest.

STATE: COLORADO

Exotic Plants

Park Unit: Dinosaur National Monument. Partner: Utah State land. Project/Pest: Jones Hole Creek, spotted knapweed and tamarisk.

Park Unit: Mesa Verde National Park. Partner: Ute Mountain Indian Reservation. Project/Pest: Mancos River tamarisk.

STATE: DISTRICT OF COLUMBIA

Exotic Plants

Park Unit: National Capitol Area East. Partners: Private landowners. Project/Pest: Asian Spiderwort (Murdannia keisak).

STATE: GEORGIA

Exotic Plants

Park Unit: Chickamauga and Chattanooga National Military Park. Partners: Lookout Land Trust and Private business. Project/pest: Kudzu.

STATE: HAWAII

Exotic Plants

Park Unit: Haleakala National Park. Partners: State, Private landowners, Private industry, NGO's, General public. Project/Pest: Miconia Fountain Grass, Bocconia, Pampas Grass.

Park Unit: Hawaii Volcanoes National Park. Partners: State, Private landowners, NGO's, Private industry. Project/Pest: Miconia Fountain Grass, Bocconia, Pampas Grass.

Park Unit: Kaluapapa National Historical Park. Partners: State, Private landowners, NGO's, Private industry. Project/Pest: Miconia Fountain Grass, Bocconia, Pampas Grass.

STATE: IDAHO

Geologic Resources

Park Unit: Hagerman Fossil Beds National Monument. Partners: Private lands. Project/Pest: Prevent irrigation canal seepage causing slumpage/wasting of fossil resources and impacts to Snake River.

STATE: KENTUCKY

Exotic Plants

Park Unit: Mammoth Cave National Park. Partners: Private landowner and State University. Project/Pest: Garlic mustard.

STATE: MARYLAND

Exotic Plants

Park Unit: Antietam National Battlefield. Partners: State and County Department of Transportation. Project/Pest: Tree of Heaven.

Park Unit: Assateague Island National Seashore. Partners: State agency. Projects/Pest: Eragrostis curvula (weeping lovegrass) coming into park from state lands.

Park Unit: Catoctin Mountain Park. Partners: State roads, Railroad right-of-way. Project/Pest: Mile-a-minute.

STATE: MASSACHUSETTS

Exotic Plants

Park Unit: Minute Man National Historical Park. Partners: Local municipalities. Projects/Pest: Variety of exotic plants along boundaries of park.

Wetlands

Park Unit: Cape Cod National Seashore. Partners: Town of Wellfleet, MA. Projects/Pest: CACO has three large wetlands that are impaired due to salt marsh diking that has restricted tidal flow to the systems, some impacted for more than 100 years. Having the ability to access and utilize funds to alter and improve the water control structures ultimately is all that is needed to restore thousands of acres of wetlands within the park boundary.

STATE: MISSOURI

Geologic Resources

Park Unit: Ozark National Scenic Riverways. Partners: Private lands, Federal agencies. Project/Pest: Develop understanding of and extent of karst environment in and around the park.

STATE: MONTANA

Exotic Plants

Park Unit: Glacier National Park. Partners: Blackfeet tribe. Project/Pest: Numerous exotic plant species.

Native Species

Park Unit: Glacier National Park. Partners: Montana Fish, Wildlife and Parks, U.S. Forest Service, BNSF Railroad and others. Project/Pest: Fencing along boundaries, white and limber pine restoration and wetland surveys.

STATE: NEVADA

Exotic Plants

Park Unit: Great Basin National Park. Partners: Private, State and U.S. Forest Service. Project/Pest: Scattered spotted knapweed and thistle in shared drainages with the park.

Park Unit: Lake Mead National Recreation Area. Partners: County, State, Private, Bureau of Land Management. Project/Pest: Virgin River, Las Vegas Wash, Muddy River,

tall whitetop, Russian knapweed, camelthom and tamarisk.

STATE: NEW JERSEY

Aquatic Resources

Park Unit: Morristown National Historical Park. Partners: Private landowners. Project/Pest: Develop and implement in concert with private landowners best management practices to reduce pesticide and storm water runoff into Primrose Creek which contains a genetically pure stock of native brook trout.

STATE: NEW MEXICO

Exotic Plants

Park Unit: Pecos National Historical Park. Partner: Private landowners, U.S. Forest Service, and State agencies. Projects/Pest: tamarisk.

STATE: NEW YORK

Exotic Plants

Park Unit: Delaware Water Gap National Recreation Area. Partners: State agencies, Local municipalities, watershed associations. Projects/Pest: Variety of exotic plants along park boundaries.

Park Unit: Gateway National Recreation Area Partners: State agency. Projects/Pest: Oriental bittersweet invading from park into state lands.

STATE: NORTH CAROLINA

Exotic Plants

Park Unit: Blue Ridge Parkway. Partner: The Nature Conservancy, U.S. Forest Service. Projets/Pest: Oriental Bittersweet.

Park Unit: Carl Sandburg Home National Historic Site. Partner: Adjacent Homeowner Association. Projets/Pest: English Ivy.

Park Unit: Guilford Courthouse National Military Park. Partner: Guilford County Parks and Recreation. Projets/Pest: Wild yam and Privet.

STATE: OKLAHLMA

Exotic Plants

Park Unit: Washita Battlefield National Historic Site. Partner: Private landowners, U.S. Forest Service. Projets/Pest: Scotch thistle.

STATE: OREGON

Exotic Plants

Park Unit: John Day Fossil Beds National Monument. Partner: Private Landowners, County Weed Districts and Watershed Counils. Projeils/Pest: Medusa head, Tarweed, Russian Knapweed Yellow Start thistle, Whitetop and other weeds.

Park Unit: Lewis and Clark National Historical Park (formerly Fort Clatsop National Memorial). Partner: Private Timber lands, Private Agriculture lands and Oregon State Parks. Projedts/Pest: Scotch Broom, Reed Canary Grass, English Holly, and other invaste plants.

STATE: PENNSYLVANIA

Exotic Plants

Park Unit: Upper Delaware Scenic and Recreational River. Partners: Local municipalities, Private landowners. Projects/Pest: Mainly Japanese knotweed along Delaware River and tributaries.

Aquatic Resources

Park Unit: Valley Forge National Historical Park. Partners: Private landowners, County/State governments, non-profit groups. Project/Pest: Implement Valley Creek Restoration Plan and EA which identifies management strategies and restoration opportunities within the watershed and outside the park including the retrofitting of 24 detention basins, creation of 30 ground water infiltration sites, re-vegetation of miles of eroding stream banks, and planting of riparian buffers throughout the watershed.

STATE: TENNESSEE

Exotic Plants

Park Unit: Big South Fork National River and Recreation Area. Partners: Tennessee Division of Forestry and Tennessee State Parks. Project/Pest: Multi-flora rose and Privet.

Park Unit: Cumberland Gap National Historical Park. Partners: City of Middlesboro. Project/Pest: Privet.

Park Unit: Obed Wild and Scenic River. Partners: Tennessee Wildlife Resources Agency. Project/Pest: Multi-flora rose and Privet.

STATE: TEXAS

Exotic Plants

Park Unit: Big Bend National Park. Partners: State and Local government, Private landowners and Country of Mexico. Project/Pest: Tamarisk along Rio Grande River Drainage.

STATE: UTAH

Exotic Plants

Park Unit: Arches National Park. Partners: State and Bureau of Land Management. Project/Pest: Courthouse Wash and Salt Creek tamarisk.

Park Unit: Canyonlands National Park. Partners: Private and The Nature Conservancy. Project/Pest: Dugout Ranch area, tamarisk and knapweed.

Park Unit: Capitol Reef National Park. Partners: Private and U.S. Forest Service. Projects/Pest: Sulphur Creek and Upper Fremont River, tamarisk.

Park Unit: Zion National Park. Partners: Private and State lands. Projects/Pest: Upper and Lower Virgin River, tamarisk.

STATE: VIRGINIA

Exotic Plants

Park Unit: Colonial National Historical Park. Partners: NGO (Colonial Williamsburg Foundation). Projects/Pest: kudzu, English ivy, and tree of heaven straddling common boundary.

Park Unit: Shenandoah National Park. Partners: Private lands (east boundary and west boundary). Projects/Pest: Kudzu straddling east boundary; bamboo straddling west boundary.

Park Unit: Wolf Trap National Park for the Performing Arts. Partners: County and private lands. Project/Pest: Lesser Celandine.

STATE: WASHINGTON

Exotic Plants

Park Unit: Ebey's Landing National Historical Reserve. Partner: Washington State Parks, The Nature Conservancy of Washington, Island County, Ebey's Landing Trust Board, Washington State Department of Transportation. Projects/Pest: Poison Hemlock.

Park Unit: Lake Roosevelt National Recreation Area. Partner: U.S. Forest Service, State, Tribal, and Private lands. Projects/Pest: Eurasian watermilfoil.

Park Unit: Olympic National Park. Partner: U.S. Forest Service, State, Tribal, and Private (including timber company) lands. Projects/Pest: Several species of knotweed

Aquatic Resources

Park Unit: Olympic National Park. Partners: Private lands, State lands and U.S. Fish and Wildlife Service lands. Project/Pest: Cooperatively characterize aquifer parameters such as storage and transmission coefficients, monitor ground water levels, spring flow river flow install new monitoring wells to determine response of aquifer to water withdrawals.

STATE: WEST VIRGINIA

Exotic Plants

Park Unit: Appalachian National Scenic Trail. Partners: Non-NPS owners of trail lands. Projects/Pest: Variety of exotic plants coming into easements along the trail—major problem throughout the length of this linear park.

STATE: WYOMING

Aquatic Resources

Park Unit: Yellowstone National Park. Partners: State of Montana. Project/Pest: Initiate groundwater studies in the Yellowstone Groundwater Area north of the park.

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By Ms. MIKULSKI (for herself, Mrs. CLINTON, Mr. KENNEDY, Mrs. MURRAY, Mrs. BOXER, Ms. CANTWELL, and Mr. SARBANES):

S. 1289. A bill to provide for research and education with respect to uterine fibroids, and for other purposes; to the Committee on Health, Education, Labor, and Pensions.

Ms. MIKULSKI. Mr. President, I rise to introduce the Uterine Fibroid Research and Education Act of 2005. This bill would increase funding for research on uterine fibroids as well as create an education awareness campaign to make sure women and their doctors have the facts they need about this painful, chronic condition. I want to thank Representative STEPHANIE TUBBS JONES for introducing this legislation in the House of Representatives and Senators CLINTON, KENNEDY, MURRAY, CANTWELL, BOXER, and SARBANES for joining me as original cosponsors.

Uterine fibroids are a major health issue for American women. It is estimated that three in every four women have uterine fibroids. Although many women with fibroids have few or no symptoms, it is projected that one in every four women seeks medical care for the heavy bleeding, pain, infertility, or miscarriage that uterine fibroids cause.

Despite their prevalence, little is known about uterine fibroids, and few good treatment options are available to women who suffer from them. In fact, the Agency for Healthcare Research and Quality at the Department of Health and Human Services found ''a remarkable lack of high quality evidence supporting the effectiveness of most interventions for symptomatic fibroids. More than 200,000 women undergo a hysterectomy each year to treat their uterine fibroids. Women deserve better. That's why I am introducing the Uterine Fibroid Research and Education Act—to find new and better ways to treat or even cure uterine fibroids.

This bill does three things. First, it expands research at the National Institutes of Health, NIH, by doubling funding for uterine fibroids from $15 million to $30 million. This funding will provide the investment needed to jumpstart basic research, and lay the groundwork to find a cure. This additional funding will help researchers find out why so many women get uterine fibroids, why African American women are disproportionately affected, what steps women can take to prevent uterine fibroids, and what the best ways to treat them are.

Second, this legislation coordinates research on uterine fibroids through

the Office of Research on Women's Health, ORWH. More than a decade ago, I fought to create this Office at NIH to give women a seat at the table when decisions were made about funding priorities. This bill directs this Office to lead the Federal Government's research effort on uterine fibroids. A coordinated research effort is needed to make the best use of limited resources and to give women a one-stop shop to find out what the federal government is doing to combat uterine fibroids.

Finally, this bill creates education campaigns for patients and health care providers. A recent survey conducted by the Society for Women's Health Research, cited as many as one-third of women who have hysterectomies do so without discussing potential alternatives with their doctors. This bill will make sure women can count on their doctors for information about the best possible treatment for uterine fibroids. It will also give women the facts they need to make good health care decisions and take control of their health.

Since my first days in Congress, I have been fighting to make sure women don't get left out or left behind when it comes to their health. From women's inclusion in clinical trials to quality standards for mammograms, I have led the way to make sure women's health needs are treated fairly and taken seriously. This legislation builds on these past successes to address this silent epidemic among American women.

The Uterine Fibroid Research and Education Act is supported by the American College of Obstetricians and Gynecologists, the Society for Women's Health Research, and the Black Women's Health Imparitive. I look forward to working with these advocates and my colleagues to get this bill signed into law.

## SUBMITTED RESOLUTIONS

### SENATE RESOLUTION 179—TO PROVIDE FOR OVERSIGHT OVER THE CAPITOL VISITORS CENTER BY THE ARCHITECT OF THE CAPITOL

Mr. LOTT (for himself, Mr. DODD, Mr. FRIST, Mr. REID, Mr. STEVENS, Mr. DURBIN, Mr. COCHRAN, and Mr. ALLARD) submitted the following resolution; which was referred to the Committee on Rules and Administration:

S. RES. 179

*Resolved,*

**SECTION 1. CAPITOL VISITOR CENTER.**

(a) IN GENERAL.—The Architect of the Capitol shall have the responsibility for the facilities management and operations of the Capitol Visitor Center.

(b) EXECUTIVE DIRECTOR.—The Architect of the Capitol may appoint an Executive Director of the Capitol Visitor Center whose annual rate of pay shall be determined by the Architect of the Capitol and shall not exceed $1,500 less than the annual rate of pay for the Architect of the Capitol.

(c) CONGRESSIONAL OVERSIGHT.—The responsibilities of the Architect of the Capitol under this section shall be subject to congressional oversight by the Committee on Rules and Administration of the Senate and as determined separately by the House of Representatives.

(d) CAPITOL PRESERVATION COMMISSION JURISDICTION.—Nothing in this section shall be construed to remove the jurisdiction of the Capitol Preservation Commission.

## AMENDMENTS SUBMITTED AND PROPOSED

SA 841. Mrs. FEINSTEIN (for herself, Ms. SNOWE, Mr. REED, Mr. SESSIONS, Mr. KENNEDY, Ms. COLLINS, Mr. DODD, Mrs. BOXER, Mrs. CLINTON, Mr. LIEBERMAN, Ms. CANTWELL, Mr. KERRY, Mr. SCHUMER, Mrs. MURRAY, and Mr. CARPER) proposed an amendment to the bill H.R. 6, To ensure jobs for our future with secure, affordable, and reliable energy.

SA 842. Ms. STABENOW submitted an amendment intended to be proposed by her to the bill H.R. 6, supra; which was ordered to lie on the table.

SA 843. Mr. WYDEN submitted an amendment intended to be proposed by him to the bill H.R. 6, supra; which was ordered to lie on the table.

SA 844. Mr. KERRY (for himself, Mr. BIDEN, Mrs. FEINSTEIN, and Ms. SNOWE) submitted an amendment intended to be proposed by him to the bill H.R. 6, supra.

SA 845. Ms. STABENOW (for herself and Mrs. BOXER) submitted an amendment intended to be proposed by her to the bill H.R. 6, supra; which was ordered to lie on the table.

SA 846. Mr. BAUCUS submitted an amendment intended to be proposed by him to the bill H.R. 6, supra; which was ordered to lie on the table.

SA 847. Mr. BAUCUS submitted an amendment intended to be proposed by him to the bill H.R. 6, supra; which was ordered to lie on the table.

SA 848. Mr. BINGAMAN submitted an amendment intended to be proposed by him to the bill H.R. 6, supra; which was ordered to lie on the table.

SA 849. Mr. FRIST submitted an amendment intended to be proposed by him to the bill H.R. 6, supra; which was ordered to lie on the table.

SA 850. Mr. DORGAN submitted an amendment intended to be proposed by him to the bill H.R. 6, supra.

SA 851. Mr. OBAMA submitted an amendment intended to be proposed by him to the bill H.R. 6, supra; which was ordered to lie on the table.

SA 852. Mrs. LINCOLN (for herself and Mr. SANTORUM) submitted an amendment intended to be proposed by her to the bill H.R. 6, supra; which was ordered to lie on the table.

SA 853. Mr. STEVENS submitted an amendment intended to be proposed by him to the bill H.R. 6, supra; which was ordered to lie on the table.

SA 854. Mr. STEVENS submitted an amendment intended to be proposed by him to the bill H.R. 6, supra; which was ordered to lie on the table.

SA 855. Mr. STEVENS submitted an amendment intended to be proposed by him to the bill H.R. 6, supra; which was ordered to lie on the table.

SA 856. Mr. STEVENS submitted an amendment intended to be proposed by him to the bill H.R. 6, supra; which was ordered to lie on the table.

SA 857. Mr. BURR submitted an amendment intended to be proposed by him to the bill H.R. 6, supra; which was ordered to lie on the table.

SA 858. Mr. SALAZAR submitted an amendment intended to be proposed by him to the bill H.R. 6, supra; which was ordered to lie on the table.

SA 859. Mr. WARNER submitted an amendment intended to be proposed by him to the bill H.R. 6, supra; which was ordered to lie on the table.

SA 860. Mr. WARNER submitted an amendment intended to be proposed by him to the bill H.R. 6, supra; which was ordered to lie on the table.

SA 861. Mr. DODD submitted an amendment intended to be proposed by him to the bill H.R. 6, supra.

SA 862. Mr. LAUTENBERG submitted an amendment intended to be proposed by him to the bill H.R. 6, supra; which was ordered to lie on the table.

SA 863. Mr. LAUTENBERG (for himself, Mr. DURBIN, Mr. DORGAN, and Mr. LEVIN) submitted an amendment intended to be proposed by him to the bill H.R. 6, supra; which was ordered to lie on the table.

SA 864. Mr. LEVIN (for himself, Ms. COLLINS, Mr. WYDEN, and Mr. SCHUMER) submitted an amendment intended to be proposed by him to the bill H.R. 6, supra.

SA 865. Mr. FEINGOLD (for himself and Mr. BROWNBACK) submitted an amendment intended to be proposed by him to the bill H.R. 6, supra; which was ordered to lie on the table.

SA 866. Mr. BINGAMAN (for himself, Mr. SPECTER, Mr. DOMENICI, Mr. ALEXANDER, Ms. CANTWELL, Mr. LIEBERMAN, Mr. LAUTENBERG, Mr. MCCAIN, Mr. JEFFORDS, Mr. KERRY, Ms. SNOWE, Ms. COLLINS, and Mrs. BOXER) submitted an amendment intended to be proposed by him to the bill H.R. 6, supra.

SA 867. Mr. BINGAMAN submitted an amendment intended to be proposed by him to the bill H.R. 6, supra; which was ordered to lie on the table.

SA 868. Mr. BINGAMAN submitted an amendment intended to be proposed by him to the bill H.R. 6, supra; which was ordered to lie on the table.

SA 869. Mr. BYRD (for himself, Mrs. LINCOLN, Mr. ROCKEFELLER, Mr. HARKIN, and Mr. PRYOR) proposed an amendment to the bill H.R. 6, supra.

SA 870. Mrs. BOXER submitted an amendment intended to be proposed by her to the bill H.R. 6, supra.

SA 871. Mr. REID (for himself and Mr. ENSIGN) submitted an amendment intended to be proposed by him to the bill H.R. 6, supra; which was ordered to lie on the table.

SA 872. Mr. MARTINEZ (for himself and Mr. JOHNSON) submitted an amendment intended to be proposed by him to the bill H.R. 6, supra; which was ordered to lie on the table.

SA 873. Mr. SUNUNU (for himself and Mr. WYDEN) submitted an amendment intended to be proposed by him to the bill H.R. 6, supra; which was ordered to lie on the table.

SA 874. Mr. SUNUNU submitted an amendment intended to be proposed by him to the bill H.R. 6, supra; which was ordered to lie on the table.

SA 875. Mr. SUNUNU submitted an amendment intended to be proposed by him to the bill H.R. 6, supra; which was ordered to lie on the table.

SA 876. Mr. INOUYE (for himself and Mr. AKAKA) submitted an amendment intended to be proposed by him to the bill H.R. 6, supra; which was ordered to lie on the table.

SA 877. Mr. VITTER submitted an amendment intended to be proposed by him to the bill H.R. 6, supra; which was ordered to lie on the table.

SA 878. Mr. KYL submitted an amendment intended to be proposed by him to the bill

H.R. 6, supra; which was ordered to lie on the table.

SA 879. Mr. KYL submitted an amendment intended to be proposed by him to the bill H.R. 6, supra; which was ordered to lie on the table.

SA 880. Mr. KYL submitted an amendment intended to be proposed by him to the bill H.R. 6, supra; which was ordered to lie on the table.

SA 881. Mr. PRYOR submitted an amendment intended to be proposed by him to the bill H.R. 6, supra; which was ordered to lie on the table.

SA 882. Mr. DODD (for himself and Mr. LIEBERMAN) submitted an amendment intended to be proposed by him to the bill H.R. 6, supra; which was ordered to lie on the table.

SA 883. Mr. BINGAMAN submitted an amendment intended to be proposed by him to the bill H.R. 6, supra; which was ordered to lie on the table.

SA 884. Mr. ROCKEFELLER (for himself, Mr. BINGAMAN, and Mr. BUNNING) submitted an amendment intended to be proposed by him to the bill H.R. 6, supra; which was ordered to lie on the table.

SA 885. Ms. CANTWELL (for herself, Mr. GRAHAM, Mrs. MURRAY, Mr. SMITH, Mr. BINGAMAN, and Mr. COLEMAN) submitted an amendment intended to be proposed by her to the bill H.R. 6, supra; which was ordered to lie on the table.

SA 886. Mr. COCHRAN submitted an amendment intended to be proposed by him to the bill H.R. 6, supra; which was ordered to lie on the table.

SA 887. Mr. CHAMBLISS submitted an amendment intended to be proposed by him to the bill H.R. 6, supra; which was ordered to lie on the table.

SA 888. Mr. INHOFE submitted an amendment intended to be proposed by him to the bill H.R. 6, supra; which was ordered to lie on the table.

SA 889. Ms. SNOWE (for herself and Mr. STEVENS) submitted an amendment intended to be proposed by her to the bill H.R. 6, supra; which was ordered to lie on the table.

SA 890. Mr. SMITH submitted an amendment intended to be proposed by him to the bill H.R. 6, supra; which was ordered to lie on the table.

SA 891. Mr. DOMENICI (for himself, Mr. BINGAMAN, Ms. LANDRIEU, Mr. VITTER, Mr. LOTT, Mr. COCHRAN, and Mrs. HUTCHISON) submitted an amendment intended to be proposed by him to the bill H.R. 6, supra; which was ordered to lie on the table.

SA 892. Mr. SALAZAR submitted an amendment intended to be proposed by him to the bill H.R. 6, supra; which was ordered to lie on the table.

SA 893. Mr. BAUCUS submitted an amendment intended to be proposed by him to the bill H.R. 6, supra; which was ordered to lie on the table.

SA 894. Mr. SALAZAR submitted an amendment intended to be proposed by him to the bill H.R. 6, supra; which was ordered to lie on the table.

SA 895. Ms. CANTWELL submitted an amendment intended to be proposed by her to the bill H.R. 6, supra; which was ordered to lie on the table.

SA 896. Ms. CANTWELL submitted an amendment intended to be proposed by her to the bill H.R. 6, supra; which was ordered to lie on the table.

SA 897. Ms. CANTWELL submitted an amendment intended to be proposed by her to the bill H.R. 6, supra; which was ordered to lie on the table.

SA 898. Mr. LEVIN (for himself and Ms. STABENOW) submitted an amendment intended to be proposed by him to the bill H.R. 6, supra; which was ordered to lie on the table.

SA 899. Mr. ENZI submitted an amendment intended to be proposed by him to the bill H.R. 6, supra; which was ordered to lie on the table.

SA 900. Mr. INHOFE submitted an amendment intended to be proposed by him to the bill H.R. 6, supra; which was ordered to lie on the table.

SA 901. Ms. SNOWE (for herself and Mr. BURNS) submitted an amendment intended to be proposed by her to the bill H.R. 6, supra; which was ordered to lie on the table.

SA 902. Mr. DURBIN submitted an amendment intended to be proposed by him to the bill H.R. 6, supra; which was ordered to lie on the table.

SA 903. Mr. DURBIN submitted an amendment intended to be proposed by him to the bill H.R. 6, supra; which was ordered to lie on the table.

SA 904. Mr. ALEXANDER submitted an amendment intended to be proposed by him to the bill H.R. 6, supra; which was ordered to lie on the table.

SA 905. Mr. ALEXANDER submitted an amendment intended to be proposed by him to the bill H.R. 6, supra; which was ordered to lie on the table.

SA 906. Mr. ALEXANDER submitted an amendment intended to be proposed by him to the bill H.R. 6, supra; which was ordered to lie on the table.

SA 907. Mr. ALEXANDER submitted an amendment intended to be proposed by him to the bill H.R. 6, supra; which was ordered to lie on the table.

SA 908. Mr. ALEXANDER submitted an amendment intended to be proposed by him to the bill H.R. 6, supra; which was ordered to lie on the table.

SA 909. Mr. ALEXANDER (for himself, Mr. WARNER, Ms. LANDRIEU, Mr. MCCAIN, Mr. ALLEN, Mr. VOINOVICH, and Mr. BROWNBACK) submitted an amendment intended to be proposed by him to the bill H.R. 6, supra; which was ordered to lie on the table.

SA 910. Mr. THOMAS submitted an amendment intended to be proposed by him to the bill H.R. 6, supra; which was ordered to lie on the table.

SA 911. Mr. INHOFE (for himself and Mr. CORNYN) submitted an amendment intended to be proposed by him to the bill H.R. 6, supra; which was ordered to lie on the table.

SA 912. Mr. INHOFE submitted an amendment intended to be proposed by him to the bill H.R. 6, supra; which was ordered to lie on the table.

SA 913. Mr. GRASSLEY submitted an amendment intended to be proposed by him to the bill H.R. 6, supra; which was ordered to lie on the table.

SA 914. Ms. LANDRIEU (for herself and Mr. SHELBY) submitted an amendment intended to be proposed by her to the bill H.R. 6, supra; which was ordered to lie on the table.

SA 915. Ms. LANDRIEU submitted an amendment intended to be proposed by her to the bill H.R. 6, supra; which was ordered to lie on the table.

SA 916. Mr. JEFFORDS (for himself and Mr. LAUTENBERG) submitted an amendment intended to be proposed by him to the bill H.R. 6, supra; which was ordered to lie on the table.

SA 917. Mr. JEFFORDS submitted an amendment intended to be proposed by him to the bill H.R. 6, supra; which was ordered to lie on the table.

SA 918. Mr. CORZINE submitted an amendment intended to be proposed by him to the bill H.R. 6, supra; which was ordered to lie on the table.

SA 919. Mr. HARKIN (for himself, Mr. LUGAR, Mr. OBAMA, Mr. COLEMAN, and Mr. BAYH) submitted an amendment intended to be proposed by him to the bill H.R. 6, supra; which was ordered to lie on the table.

SA 920. Mr. HARKIN submitted an amendment intended to be proposed by him to the bill H.R. 6, supra; which was ordered to lie on the table.

SA 921. Mr. HARKIN submitted an amendment intended to be proposed by him to the bill H.R. 6, supra; which was ordered to lie on the table.

SA 922. Mr. HARKIN submitted an amendment intended to be proposed by him to the bill H.R. 6, supra; which was ordered to lie on the table.

SA 923. Mr. INOUYE submitted an amendment intended to be proposed by him to the bill H.R. 6, supra; which was ordered to lie on the table.

SA 924. Mr. INOUYE submitted an amendment intended to be proposed by him to the bill H.R. 6, supra; which was ordered to lie on the table.

SA 925. Mr. BOND (for himself, Mr. LEVIN, Ms. STABENOW, and Mr. VOINOVICH) submitted an amendment intended to be proposed by him to the bill H.R. 6, supra; which was ordered to lie on the table.

SA 926. Mr. OBAMA submitted an amendment intended to be proposed by him to the bill H.R. 6, supra; which was ordered to lie on the table.

SA 927. Mr. LEVIN submitted an amendment intended to be proposed by him to the bill H.R. 6, supra.

SA 928. Mr. LEVIN (for himself and Mr. ALEXANDER) submitted an amendment intended to be proposed by him to the bill H.R. 6, supra; which was ordered to lie on the table.

SA 929. Mr. LEVIN submitted amendment intended to be proposed by him to the bill H.R. 6, supra; which was ordered to be on the table.

SA 930. Mr. LEVIN (for himself and Mr. BAYH) submitted an amendment intended to be proposed by him to the bill H.R. 6, supra; which was ordered to lie on the table.

SA 931. Mr. LEVIN (for himself and Mr. BAYH) submitted an amendment intended to be proposed by him to the bill H.R. 6, supra; which was ordered to lie on the table.

SA 932. Mr. LEVIN (for himself and Mr. BAYH) submitted an amendment intended to be proposed by him to the bill H.R. 6, supra; which was ordered to lie on the table.

SA 933. Mr. GRASSLEY (for himself and Mr. BAUCUS) submitted an amendment intended to be proposed by him to the bill H.R. 6, supra.

SA 934. Mr. GREGG submitted an amendment intended to be proposed by him to the bill H.R. 6, supra; which was ordered to lie on the table.

SA 935. Mr. BINGAMAN submitted an amendment intended to be proposed by him to the bill H.R. 6, supra; which was ordered to lie on the table.

SA 936. Mr. BINGAMAN submitted an amendment intended to be proposed by him to the bill H.R. 6, supra; which was ordered to lie on the table.

SA 937. Mr. BINGAMAN submitted an amendment intended to be proposed by him to the bill H.R. 6, supra; which was ordered to lie on the table.

SA 938. Mr. CORNYN submitted an amendment intended to be proposed by him to the bill H.R. 6, supra; which was ordered to lie on the table.

SA 939. Mr. SANTORUM submitted an amendment intended to be proposed by him to the bill H.R. 6, supra; which was ordered to lie on the table.

SA 940. Mr. INHOFE submitted an amendment intended to be proposed by him to the bill H.R. 6, supra; which was ordered to lie on the table.

SA 941. Mrs. BOXER submitted an amendment intended to be proposed by her to the bill H.R. 6, supra; which was ordered to lie on the table.

SA 942. Mrs. BOXER submitted an amendment intended to be proposed by her to the bill H.R. 6, supra; which was ordered to lie on the table.

SA 943. Mrs. BOXER submitted an amendment intended to be proposed by her to the bill H.R. 6, supra; which was ordered to lie on the table.

SA 944. Mrs. BOXER submitted an amendment intended to be proposed by her to the bill H.R. 6, supra; which was ordered to lie on the table.

SA 945. Mrs. BOXER submitted an amendment intended to be proposed by her to the bill H.R. 6, supra; which was ordered to lie on the table.

SA 946. Mr. HATCH submitted an amendment intended to be proposed by him to the bill H.R. 6, supra; which was ordered to lie on the table.

SA 947. Mr. HATCH submitted an amendment intended to be proposed by him to the bill H.R. 6, supra; which was ordered to lie on the table.

SA 948. Mr. LIEBERMAN (for himself, Mr. BAYH, and Mr. SALAZAR) submitted an amendment intended to be proposed by him to the bill H.R. 6, supra; which was ordered to lie on the table.

SA 949. Mr. REED submitted an amendment intended to be proposed by him to the bill H.R. 6, supra; which was ordered to lie on the table.

SA 950. Mr. REED submitted an amendment intended to be proposed by him to the bill H.R. 6, supra; which was ordered to lie on the table.

SA 951. Mr. REED submitted an amendment intended to be proposed by him to the bill H.R. 6, supra; which was ordered to lie on the table.

SA 952. Mr. SHELBY submitted an amendment intended to be proposed by him to the bill H.R. 6, supra; which was ordered to lie on the table.

SA 953. Mr. DOMENICI submitted an amendment intended to be proposed by him to the bill H.R. 6, supra; which was ordered to lie on the table.

SA 954. Mr. SESSIONS submitted an amendment intended to be proposed by him to the bill H.R. 6, supra; which was ordered to lie on the table.

SA 955. Mr. CORZINE submitted an amendment intended to be proposed by him to the bill H.R. 6, supra; which was ordered to lie on the table.

SA 956. Mr. CORZINE submitted an amendment intended to be proposed by him to the bill H.R. 6, supra; which was ordered to lie on the table.

SA 957. Mr. CORZINE submitted an amendment intended to be proposed by him to the bill H.R. 6, supra; which was ordered to lie on the table.

SA 958. Mr. LIEBERMAN submitted an amendment intended to be proposed by him to the bill H.R. 6, supra; which was ordered to lie on the table.

SA 959. Mr. ROCKEFELLER (for himself, Mr. BUNNING, and Mr. BYRD) submitted an amendment intended to be proposed by him to the bill H.R. 6, supra; which was ordered to lie on the table.

SA 960. Mr. ROCKEFELLER submitted an amendment intended to be proposed by him to the bill H.R. 6, supra; which was ordered to lie on the table.

SA 961. Mr. ALEXANDER (for himself, Mr. WARNER, Ms. LANDRIEU, Mr. MCCAIN, Mr. ALLEN, Mr. VOINOVICH, Mr. BROWNBACK, Mr. BURR, and Mr. BUNNING) proposed an amendment to the bill H.R. 6, supra.

SA 962. Mr. JEFFORDS submitted an amendment intended to be proposed by him to the bill H.R. 6, supra; which was ordered to lie on the table.

SA 963. Mr. CORZINE submitted an amendment intended to be proposed by him to the bill H.R. 6, supra; which was ordered to lie on the table.

SA 964. Mr. CORZINE submitted an amendment intended to be proposed by him to the bill H.R. 6, supra; which was ordered to lie on the table.

SA 965. Mr. CORZINE submitted an amendment intended to be proposed by him to the bill H.R. 6, supra; which was ordered to lie on the table.

SA 966. Mr. CORZINE submitted an amendment intended to be proposed by him to the bill H.R. 6, supra; which was ordered to lie on the table.

SA 967. Mr. CORZINE submitted an amendment intended to be proposed by him to the bill H.R. 6, supra; which was ordered to lie on the table.

SA 968. Mr. ROCKEFELLER submitted an amendment intended to be proposed by him to the bill H.R. 6, supra; which was ordered to lie on the table.

SA 969. Mr. ROCKEFELLER submitted an amendment intended to be proposed by him to the bill H.R. 6, supra; which was ordered to lie on the table.

SA 970. Mr. ROCKEFELLER submitted an amendment intended to be proposed by him to the bill H.R. 6, supra; which was ordered to lie on the table.

SA 971. Mr. ROCKEFELLER submitted an amendment intended to be proposed by him to the bill H.R. 5, Reserved; which was ordered to lie on the table.

SA 972. Mr. WARNER (for himself, Mr. ALEXANDER, and Mr. VOINOVICH) proposed an amendment to the bill H.R. 6, To ensure jobs for our future with secure, affordable, and reliable energy.

SA 973. Mr. NELSON, of Florida submitted an amendment intended to be proposed by him to the bill H.R. 6, supra; which was ordered to lie on the table.

SA 974. Mr. NELSON, of Florida submitted an amendment intended to be proposed by him to the bill H.R. 6, supra; which was ordered to lie on the table.

SA 975. Mr. NELSON, of Florida submitted an amendment intended to be proposed by him to the bill H.R. 6, supra; which was ordered to lie on the table.

SA 976. Mr. NELSON, of Florida submitted an amendment intended to be proposed by him to the bill H.R. 6, supra; which was ordered to lie on the table.

SA 977. Ms. SNOWE submitted an amendment intended to be proposed to amendment SA 825 submitted by Mr. KERRY and intended to be proposed to the bill H.R. 6, supra; which was ordered to lie on the table.

SA 978. Mr. FRIST (for Mr. CONRAD (for himself, Mr. DURBIN, and Ms. STABENOW)) proposed an amendment to the bill H.R. 6, supra.

SA 979. Mr. FRIST (for Mr. HATCH (for himself and Mr. SALAZAR)) proposed an amendment to the bill H.R. 6, supra.

SA 980. Mr. FRIST (for Ms. STABENOW (for herself, Mrs. BOXER, and Mr. DORGAN)) proposed an amendment to the bill H.R. 6, supra.

SA 981. Mr. FRIST (for Mr. KOHL (for himself, Mr. DEWINE, and Mr. LIEBERMAN)) proposed an amendment to the bill H.R. 6, supra.

SA 982. Mr. FRIST (for Mr. ALEXANDER) proposed an amendment to the bill H.R. 6, supra.

SA 983. Mr. FRIST (for Mr. JEFFORDS) proposed an amendment to the bill H.R. 6, supra.

SA 984. Mr. FRIST (for Mr. CORNYN) proposed an amendment to the bill H.R. 6, supra.

SA 985. Mr. FRIST (for Mrs. HUTCHISON) proposed an amendment to the bill H.R. 6, supra.

SA 986. Mr. FRIST (for Mr. JEFFORDS) proposed an amendment to the bill H.R. 6, supra.

SA 987. Mr. FRIST (for Mr. ALEXANDER) proposed an amendment to the bill H.R. 6, supra.

SA 988. Mr. FRIST (for Mr. HARKIN) proposed an amendment to the bill H.R. 6, supra.

SA 989. Mr. FRIST (for Mr. DOMENICI) proposed an amendment to the bill H.R. 6, supra.

## TEXT OF AMENDMENTS

**SA 841.** Mrs. FEINSTEIN (for herself, Ms. SNOWE, Mr. REED, Mr. SESSIONS, Mr. KENNEDY, Ms. COLLINS, Mr. DODD, Mrs. BOXER, Mrs. CLINTON, Mr. LIEBERMAN, Ms. CANTWELL, Mr. KERRY, Mr. SCHUMER, Mrs. MURRAY, and Mr. CARPER) proposed an amendment to the bill H.R. 6, to ensure jobs for our future with secure, affordable, and reliable energy; as follows:

On page 311, after line 24, add the following:

''(3)(A) The Commission shall not approve an application for the authorization under this section of the siting, construction, expansion, or operation of facilities located onshore or in State waters for the import of natural gas from a foreign country or the export of natural gas to a foreign country without the approval of the Governor of the State in which the facility would be located. Subject to subparagraph (B), if the Governor fails to submit to the Commission an approval or disapproval not later than 45 days after the issuance of the final environmental impact statement on the proposed project, the approval shall be conclusively presumed. If the Governor notifies the Commission that an application, which would otherwise be approved under this paragraph, is inconsistent with State programs relating to environmental protection, land and water use, public health and safety, and coastal zone management, the Commission shall condition the license granted so as to make the license consistent with the State programs.

''(B) In the case of a project not approved before June 22, 2005, and for which the final environmental impact statement was issued more than 15 days before the date of enactment of this subsection, this paragraph shall apply, except that the Governor of the State shall submit the approval or disapproval of the Governor not later than 30 days after the date of enactment of this subsection, or approval shall be conclusively presumed. If the Governor disapproves the project within that period, neither the Commission nor any other Federal agency shall take any further action to approve the project or the construction or operation of the project.''.

On page 312, line 1, strike ''(3)'' and insert ''(4)''.

On page 312, line 24, strike ''(4)'' and insert ''(5)''.

**SA 842.** Ms. STABENOW submitted an amendment intended to be proposed by her to the bill H.R. 6, to ensure jobs for our future with secure, affordable, and reliable energy; which was ordered to lie on the table; as follows:

On page 755, after line 25, add the following:

**SEC. 13___. STUDY OF MARITIME HERITAGE IN MICHIGAN.**

(a) DEFINITIONS.—In this section:

(1) SECRETARY.—The term ''Secretary'' means the Secretary of the Interior, acting through the National Park Service Midwest Regional Office.

(2) STATE.—The term ''State'' means the State of Michigan.

(3) STUDY AREA.—The term ''study area'' means the State of Michigan.

(b) STUDY.—

(1) IN GENERAL.—The Secretary, in consultation with the State, the State historic preservation officer, local historical societies, State and local economic development, tourism, and parks and recreation offices, and other appropriate agencies and organizations, shall conduct a special resource study of the study area to determine—

(A) the potential economic and tourism benefits of preserving State maritime heritage resources;

(B) suitable and feasible options for long-term protection of significant State maritime heritage resources; and

(C) the manner in which the public can best learn about and experience State maritime heritage resources.

(2) REQUIREMENTS.—In conducting the study under paragraph (1), the Secretary shall—

(A) review Federal, State, and local maritime resource inventories and studies to establish the context, breadth, and potential for interpretation and preservation of State maritime heritage resources;

(B) examine the potential economic and tourism impacts of protecting State maritime heritage resources;

(C) recommend management alternatives that would be most effective for long-term resource protection and providing for public enjoyment of State maritime heritage resources;

(D) address how to assist regional, State, and local partners in efforts to increase public awareness of and access to the State maritime heritage resources;

(E) identify sources of financial and technical assistance available to communities for the conservation and interpretation of State maritime heritage resources; and

(F) address ways in which to link appropriate national parks, State parks, waterways, monuments, parkways, communities, national and State historic sites, and regional or local heritage areas and sites into a Michigan Maritime Heritage Destination Network.

(3) REPORT.—Not later than 18 months after the date on which funds are made available to carry out the study under paragraph (1), the Secretary shall submit to the Committee on Resources of the House of Representatives and the Committee on Energy and Natural Resources of the Senate a report that describes—

(A) the results of the study; and

(B) any findings and recommendations of the Secretary.

(c) AUTHORIZATION OF APPROPRIATIONS.—There is authorized to be appropriated to carry out this section $500,000.

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**SA 843.** Mr. WYDEN submitted an amendment intended to be proposed by him to the bill H.R. 6, to ensure jobs for our future with secure, affordable, and reliable energy; which was ordered to lie on the table; as follows:

At the appropriate place insert the following:

**SEC. ___. TREATMENT OF ELECTRONIC WASTE AS A QUALIFIED RECYCLABLE MATERIAL FOR THE QUALIFIED RECYCLABLE EQUIPMENT CREDIT.**

(a) IN GENERAL.—Section 45M(c)(2) of the Internal Revenue Code of 1986 (relating to credit for qualified recycling equipment), as added by title XV, is amended by inserting ''or electronic waste (including any cathode ray tube, flat panel screen, or similar video display device with a screen size greater than 4 inches measured diagonally, or a central processing unit)'' after ''aluminum''.

(b) EFFECTIVE DATE.—The amendment made by this section shall apply to taxable years beginning after December 31, 2005.

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**SA 844.** Mr. KERRY (for himself, Mr. BIDEN, Mrs. FEINSTEIN, and Ms. SNOWE) submitted an amendment intended to be proposed by him to the bill H.R. 6, to ensure jobs for our future with secure, affordable, and reliable energy; which was ordered to lie on the table; as follows:

On page 768, after line 20, add the following:

**TITLE XV—CLIMATE CHANGE**

**SEC. 1501. SENSE OF SENATE REGARDING THE NEED FOR THE UNITED STATES TO ADDRESS GLOBAL CLIMATE CHANGE.**

(a) FINDINGS.—The Senate finds that—

(1) there is a scientific consensus, as established by the Intergovernmental Panel on Climate Change and confirmed by the National Academy of Sciences, that the continued buildup of anthropogenic greenhouse gases in the atmosphere threatens the stability of the global climate;

(2) there are significant long-term risks to the economy, the environment, and the security of the United States from the temperature increases and climatic disruptions that are projected to result from increased greenhouse gas concentrations;

(3) the United States, as the largest economy in the world, is currently the largest greenhouse gas emitter;

(4) the greenhouse gas emissions of the United States are projected to continue to rise;

(5) the greenhouse gas emissions of developing countries are rising more rapidly than the emissions of the United States and will soon surpass the greenhouse gas emissions of the United States and other developed countries;

(6) reducing greenhouse gas emissions to the levels necessary to avoid serious climatic disruption requires the introduction of new energy technologies and other practices, the use of which results in low or no emissions of greenhouse gases or in the capture and storage of greenhouse gases;

(7) the development and sale of such technologies in the United States and internationally presents significant economic opportunities for workers and businesses in the United States;

(8) such technologies can enhance energy security by reducing reliance on imported oil, diversifying energy sources, and reducing the vulnerability of energy delivery infrastructure;

(9) other industrialized countries are undertaking measures to reduce greenhouse gas emissions, which provide industries in those countries with a competitive advantage in the growing global market for such technologies;

(10) efforts to limit emissions growth in developing countries in a manner that is consistent with the development needs of the developing countries could establish significant markets for such technologies and contribute to international efforts to address climate change;

(11) the United States is a party to the United Nations Framework Convention on Climate Change adopted in May 1992, and entered into force in 1994 (referred to in this section as the ''Convention'');

(12) the Convention sets a long-term objective of stabilization of greenhouse gas concentrations in the atmosphere at a level that would prevent dangerous anthropogenic interference with the climate system;

(13) the Convention establishes that parties bear common but differentiated responsibilities for efforts to achieve the objective of stabilization of greenhouse gas concentrations;

(14) the Kyoto Protocol was entered into force on February 16, 2005, but the United States is not, nor is likely to be, a party to the Protocol;

(15) the parties to the Kyoto Protocol will begin discussion in 2005 about possible future agreements;

(16) an effective global effort to address climate change must provide for commitments and action by all countries that are major emitters of greenhouse gases, whether developed or developing, and the widely varying circumstances among the developed and developing countries may require that such commitments and action vary; and

(17) the United States has the capability to lead the effort against global climate change.

(b) SENSE OF THE SENATE.—It is the sense of the Senate that the United States should act to reduce the health, environmental, and economic risks posed by global climate change and foster sustained economic growth through a new generation of technologies by—

(1) participating in international negotiations under the Convention with the objective of securing United States participation in fair and binding agreements that—

(A) advance and protect the economic interests of the United States;

(B) establish mitigation commitments by all countries that are major emitters of greenhouse gases, consistent with the principle of common but differentiated responsibilities;

(C) establish flexible international mechanisms to minimize the cost of efforts by participating countries; and

(D) achieve a significant long-term reduction in global greenhouse gas emissions;

(2) enacting and implementing effective and comprehensive national policies to achieve significant long-term reductions in greenhouse gas emissions in the United States; and

(3) establishing a bipartisan Senate observer group, the members of which shall be designated by the majority leader and minority leader of the Senate, to—

(A) monitor any international negotiations on climate change; and

(B) ensure that the advice and consent function of the Senate is exercised in a manner to facilitate timely consideration of any future applicable treaty submitted to the Senate.

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**SA 845.** Ms. STABENOW (for herself and Mrs. BOXER) submitted an amendment intended to be proposed by her to the bill H.R. 6, to ensure jobs for our future with secure, affordable, and reliable energy; which was ordered to lie on the table; as follows:

At the end of the bill, add the following:

**TITLE XV—ANTI-CONSUMER GASOLINE PRICING AND MARKETING PRACTICES INVESTIGATION**

**SEC. 1501. INVESTIGATION BY FEDERAL TRADE COMMISSION.**

Not later than 60 days after the date of enactment of this Act, the Federal Trade Commission shall conduct an investigation and report to Congress on whether the increase in gasoline prices is the result of market manipulation and whether there is price gouging with respect to gasoline. The investigation shall include an analysis of manipulation and price gouging on both the national and regional levels.

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**SA 846.** Mr. BAUCUS submitted an amendment intended to be proposed by

him to the bill H.R. 6, to ensure jobs for our future with secure, affordable, and reliable energy; which was ordered to lie on the table; as follows:

On page 296, after line 25, add the following:

**SEC. 347. LEASE EXCHANGES ON THE ROCKY MOUNTAIN FRONT.**

(a) FINDINGS.—Congress finds that—

(1) the Rocky Mountain Front in the State of Montana, bordered by Glacier National Park, wilderness, and the Blackfeet Indian Reservation, is—

(A) 1 of the last intact wild places in the lower 48 states;

(B) home to prized populations of elk, deer, bighorn sheep, grizzly bears, multiple bird species, and other fish and wildlife; and

(C) highly valued by the local community and the State of Montana as a vital recreation, hunting, and fishing destination;

(2) the Badger-Two Medicine area of the Front is sacred ground to the Blackfeet Indian Tribe;.

(3) past attempts to carry out oil and gas development in the Front have met with limited or no success and as of the date of enactment of this Act it has been more than a decade since any development activity actually occurred in the Front; and

(4) in order to promote and enhance the recovery of the domestic oil and gas reserves of the United States in the most efficient manner possible, Congress should encourage holders of leases in the Front to cancel the leases in exchange for incentives to carry out oil and gas production activities in more readily available and appropriate areas.

(b) DEFINITIONS.—In this section:

(1) BADGER-TWO MEDICINE AREA.—The term ''Badger-Two Medicine Area'' means the Forest Service land located in—

(A) T. 31 N., R. 12–13 W.;

(B) T. 30 N., R. 11–13 W.;

(C) T. 29 N., R. 10–16 W.; and

(D) T. 28 N., R. 10–14 W.

(2) BLACKLEAF AREA.—The term ''Blackleaf Area'' means the Federal land owned by the Forest Service and Bureau of Land Management that is located in—

(A) T. 27 N., R. 9 W.;

(B) T. 26 N., R. 9–10 W.;

(C) T. 25 N., R. 8–10 W.; and

(D) T. 24 N., R. 8–9 W.

(3) ELIGIBLE LESSEE.—The term ''eligible lessee'' means a lessee under a nonproducing lease.

(4) NONPRODUCING LEASE.—The term ''nonproducing lease'' means a Federal oil or gas lease that is—

(A) in existence and in good standing on the date of enactment of this Act; and

(B) located in the Badger-Two Medicine Area or the Blackleaf Area.

(5) SECRETARY.—The term ''Secretary'' means the Secretary of the Interior.

(6) STATE.—The term ''State'' means the State of Montana.

(c) OPPORTUNITIES FOR CANCELLATION NONPRODUCING LEASES.—

(1) IN GENERAL.—An eligible lessee may elect to cancel a nonproducing lease in exchange for either—

(A) oil and gas lease tracts of comparable value in the State;

(B) the issuance of bidding, royalty, or rental credits for Federal onshore oil and gas leases in the State equal to the fair market value of the nonproducing lease; or

(C) a tax credit under subsection (e).

(2) IMPLEMENTING REGULATIONS AND VALUATION OF NONPRODUCING LEASES.—For the purpose of evaluating either of the options in subparagraph (A) or (B) of paragraph (1), the Secretary shall, not later than 180 days after the date of enactment of this Act—

(A) issue—

(i) regulations establishing a methodology for determining the fair market value of nonproducing leases, including consideration of established standards and practices in the oil and gas industry; and

(ii) such other regulations as are necessary to carry out this section; and

(B) identify suitable lease tracts available in the State for exchange under paragraph (1).

(3) EFFECT OF CANCELLATION OF NONPRODUCING LEASE.—A nonproducing lease canceled for any reason, including under this Act, shall be permanently withdrawn from future oil and gas leasing activity.

(4) SUSPENSION OF LEASES IN THE BADGER-TWO MEDICINE AREA.—To facilitate consideration of the options under paragraph (1), the terms of nonproducing leases in the Badger-Two Medicine Area shall be suspended for a 3-year period beginning on the date of enactment of this Act.

(5) SUNSET.—The authority provided under this subsection terminates on December 31, 2009.

(d) GRANTS TO SUPPORT SUSTAINABLE ECONOMIC DEVELOPMENT.—

(1) IN GENERAL.—Out of any funds in the Treasury not otherwise appropriated, the Secretary shall use $5,000,000 to make a grant in that amount to Teton County, Montana.

(2) USE OF GRANT FUNDS.—The grant recipient shall use the grant funds to support sustainable economic development in Teton County.

(e) TAX CREDIT.—

(1) IN GENERAL.—In the case of an eligible lessee who makes an election under subsection (c), there shall be allowed as a credit against the tax imposed by chapter 1 of the Internal Revenue Code of 1986 for the taxable year an amount equal to the fair market value of a nonproducing lease which is canceled pursuant to this section.

(2) CARRYFORWARD OF UNUSED CREDIT.—If the credit allowable under paragraph (1) for any taxable year exceeds the limitation imposed by section 26(a) of the Internal Revenue Code of 1986 for such taxable year reduced by the sum of the credits allowable under subpart A of part IV of chapter 1 of such Code, such excess shall be carried to the succeeding taxable year and added to the credit allowable under paragraph (1) for such taxable year.

(3) VALUATION OF LEASE.—For purposes of this subsection, the fair market value of a nonproducing lease shall be determined by the Secretary of the Treasury in consultation with the Secretary of the Interior, based on the regulation under subsection (c)(2).

(f) AUTHORIZATION OF APPROPRIATIONS.—There are authorized to be appropriated such sums as are necessary to carry out this section.

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**SA 847.** Mr. BAUCUS submitted an amendment intended to be proposed by him to the bill H.R. 6, to ensure jobs for our future with secure, affordable, and reliable energy; which was ordered to lie on the table; as follows:

On page 767, line 5, strike ''and''.

On page 767, line 15, strike the period and insert ''; and''.

On page 767, between lines 15 and 16, insert the following:

(E) a project to produce energy and clean fuels, using appropriate coal liquefaction technology, from Western bituminous or subbituminous coal that is—

(i) owned by a State government; or

(ii) from private and tribal coal resources.

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**SA 848.** Mr. BINGAMAN submitted an amendment intended to be proposed by him to the bill H.R. 6, to ensure jobs for our future with secure, affordable, and reliable energy; which was ordered to lie on the table; as follows:

On page 353, strike lines 19 through 24 and insert the following:

on Indian land;

''(C) provide low-interest loans to Indian tribes and tribal energy resource development organizations for use in the promotion of energy resource development on Indian land and integration of energy resources; and

''(D) provide grants and technical assistance to an appropriate tribal environmental organization, as determined by the Secretary, that represents multiple Indian tribes to establish a national resource center to develop tribal capacity to establish and carry out tribal environmental programs in support of energy-related programs and activities under this title, including—

''(i) training programs for tribal environmental officials, program managers, and other governmental representatives;

''(ii) the development of model environmental policies and tribal laws, including tribal environmental review codes, and the creation and maintenance of a clearinghouse of best environmental management practices; and

''(iii) recommended standards for reviewing the implementation of tribal environmental laws and policies within tribal judicial or other tribal appeals systems.

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**SA 849.** Mr. FRIST submitted an amendment intended to be proposed by him to the bill H.R. 6, to ensure jobs for our future with secure, affordable, and reliable energy; which was ordered to lie on the table; as follows:

After title XV (as agreed to) add the following:

**TITLE XVI—REPEAL OF DEATH TAX**

**SEC. 1601. REPEAL OF DEATH AND GENERATION-SKIPPING TRANSFER TAXES ACCELERATED TO 2006.**

(a) DEATH TAX REPEAL.—

(1) IN GENERAL.—Section 2210 of the Internal Revenue Code of 1986 (relating to termination) is amended—

(A) by striking ''December 31, 2009'' and inserting ''December 31, 2005'' both places it appears,

(B) by striking ''January 1, 2010'' in subsection (b) and inserting ''January 1, 2006'', and

(C) by striking ''December 31, 2020'' in subsection (b)(1) and inserting ''December 31, 2015''.

(2) GENERATION-SKIPPING TRANSFER TAX REPEAL.—Section 2664 of such Code (relating to termination) is amended by striking ''December 31, 2009'' and inserting ''December 31, 2005''.

(3) CONFORMING AMENDMENTS.—

(A) The table contained in section 2010(c) of such Code is amended—

(i) by inserting a period after ''$1,500,000'', and

(ii) by striking the last 2 items.

(B) Section 1014(f) of such Code is amended by striking ''December 31, 2009'' and inserting ''December 31, 2005''.

(C) Section 1022 of such Code is amended—

(i) by striking ''December 31, 2009'' in subsection (a)(1) and inserting ''December 31, 2005'',

(ii) in subsection (d)(4)(A)—

(I) by striking ''2010'' and inserting ''2005'', and

(II) by striking ''2009'' in clause (ii) and inserting ''2005'', and

(iii) by striking ''december 31, 2009'' and inserting ''december 31, 2005''.

(D) The table contained in section 2001(c)(2)(B) of such Code is amended—

(i) by inserting a period after ''47 percent'', and

(ii) by striking the last 2 items.

(E) Section 2001(c)(2)(A) of such Code is amended by striking ''2010'' and inserting ''2005''.

(F) The item in the table of sections for part II of subchapter O of chapter 1 of such Code relating to section 1022 is amended by striking ''December 31, 2009'' and inserting ''December 31, 2005''.

(G) Section 501(d) of the Economic Growth and Tax Relief Reconciliation Act of 2001 (Public Law 107–16) is amended by striking ''December 31, 2009'' and inserting ''December 31, 2005''.

(H) Paragraph (3) of section 511(f) of the Economic Growth and Tax Relief Reconciliation Act of 2001 (Public Law 107–16) is amended by striking ''December 31, 2009'' and inserting ''December 31, 2005''.

(I) Paragraph (2) of section 521(e) of the Economic Growth and Tax Relief Reconciliation Act of 2001 (Public Law 107–16) is amended by striking ''December 31, 2009'' and inserting ''December 31, 2005''.

(J) Subsection (f) of section 542 of the Economic Growth and Tax Relief Reconciliation Act of 2001 (Public Law 107–16) is amended by striking ''December 31, 2009'' each place it appears and inserting ''December 31, 2005''.

(4) EFFECTIVE DATE.—The amendments made by this subsection shall apply to estates of decedents dying, gifts made, and generation skipping transfers after December 31, 2005.

(b) PERMANENT REPEAL OF DEATH TAXES.—Section 901 of the Economic Growth and Tax Relief Reconciliation Act of 2001 is amended by striking ''this Act'' and all that follows through ''2010.'' in subsection (a) and inserting ''this Act (other than title V) shall not apply to taxable, plan, or limitation years beginning after December 31, 2010.'', and by striking '', estates, gifts, and transfers'' in subsection (b).

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**SA 850.** Mr. DORGAN submitted an amendment intended to be proposed by him to the bill H.R. 6, to ensure jobs for our future with secure, affordable, and reliable energy; as follows:

Beginning on page 602, strike line 5 and all that follows through page 603, line 7, and insert the following:

**SEC. 1107. NATIONAL POWER PLANT OPERATIONS TECHNOLOGY AND EDUCATIONAL CENTER.**

(a) ESTABLISHMENT.—The Secretary shall support the establishment of a National Power Plant Operations Technology and Education Center (referred to in this section as the ''Center''), to address the need for training and educating certified operators and technicians for the electric power industry.

(b) LOCATION OF CENTER.—The Secretary shall support the establishment of the Center at an institution of higher education that has—

(1) expertise in providing degree programs in electric power generation, transmission, and distribution technologies;

(2) expertise in providing onsite and Internet-based training; and

(3) demonstrated responsiveness to workforce and training requirements in the electric power industry.

(c) TRAINING AND CONTINUING EDUCATION.—

(1) IN GENERAL.—The Center shall provide training and continuing education in electric power generation, transmission, and distribution technologies and operations.

(2) LOCATION.—The Center shall carry out training and education activities under paragraph (1)—

(A) at the Center; and

(B) through Internet-based information technologies that allow for learning at remote sites.

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**SA 851.** Mr. OBAMA submitted an amendment intended to be proposed by him to the bill H.R. 6, to ensure jobs for our future with secure, affordable, and reliable energy; which was ordered to lie on the table; as follows:

On page 424, between lines 7 and 8, insert the following:

**SEC. 706. JOINT FLEXIBLE FUEL/HYBRID VEHICLE COMMERCIALIZATION INITIATIVE.**

(a) DEFINITIONS.—In this section:

(1) ELIGIBLE ENTITY.—The term eligible entity means—

(A) a for-profit corporation;

(B) a nonprofit corporation; or

(C) an institution of higher education.

(2) PROGRAM.—The term ''program'' means the applied research program established under subsection (b).

(b) ESTABLISHMENT.—The Secretary shall establish an applied research program to improve technologies for the commercialization of—

(1) a combination hybrid/flexible fuel vehicle; or

(2) a plug-in hybrid/flexible fuel vehicle.

(c) GRANTS.—In carrying out the program, the Secretary shall provide grants that give preference to proposals that—

(1) achieve the greatest reduction in miles per gallon of petroleum fuel consumption;

(2) achieve not less than 250 miles per gallon of petroleum fuel consumption; and

(3) have the greatest potential of commercialization to the general public within 5 years.

(d) VERIFICATION.—Not later than 90 days after the date of enactment of this Act, the Secretary shall publish in the Federal Register procedures to verify—

(1) the hybrid/flexible fuel vehicle technologies to be demonstrated; and

(2) that grants are administered in accordance with this section.

(e) REPORT.—Not later than 260 days after the date of enactment of this Act, and annually thereafter, the Secretary shall submit to Congress a report that—

(1) identifies the grant recipients;

(2) describes the technologies to be funded under the program;

(3) assesses the feasibility of the technologies described in paragraph (2) in meeting the goals described in subsection (c);

(4) identifies applications submitted for the program that were not funded; and

(5) makes recommendations for Federal legislation to achieve commercialization of the technology demonstrated.

(f) AUTHORIZATION OF APPROPRIATIONS.—There are authorized to be appropriated to carry out this section, to remain available until expended—

(1) $3,000,000 for fiscal year 2005;

(2) $7,000,000 for fiscal year 2006;

(3) $10,000,000 for fiscal year 2007; and

(4) $20,000,000 for fiscal year 2008.

**SEC. 707. DESIGNATION OF FUEL ECONOMY PENALTIES FOR FUEL ECONOMY RESEARCH.**

(a) IN GENERAL.—Chapter 329 of title 49, United States Code, is amended by inserting after section 32915 the following new section:

**''§ 32915A. Use of Civil Penalties For Fuel Economy Research**

''(a) ESTABLISHMENT OF ACCOUNT.—Not later than 180 days after the date of enactment of the Energy Policy Act of 2005, the Secretary of the Treasury shall establish an account in the Treasury of the United States consisting of—

''(1) such amounts as are collected as civil penalties imposed under section 32912 of this title after the date of enactment of the Energy Policy Act of 2005;

''(2) such amounts as were collected as civil penalties imposed under section 32912 of this title before the date of enactment of the Energy Policy Act of 2005 and that remain unobligated on such date;

''(3) such amounts as may be appropriated to the account; and

''(4) any interest earned on investment of amounts in the account.

''(b) EXPENDITURES FROM ACCOUNT.—On request by the Secretary of Transportation, the Secretary of the Treasury shall transfer from the account established under subsection (a) to the Secretary of Transportation, without further appropriation, such amounts as the Secretary of Transportation determines are necessary to carry out the flexible fuel/hybrid vehicle commercialization initiative established under section 706 of the Energy Policy Act of 2005.

''(c) INVESTMENT OF AMOUNTS.—

''(1) IN GENERAL.—The Secretary of the Treasury shall invest such portion of the account as is not, in the judgment of the Secretary of the Treasury, required to meet current withdrawals.

''(2) INTEREST-BEARING OBLIGATIONS.—Investments may be made only in interest-bearing obligations of the United States.

''(3) CREDITS TO ACCOUNT.—The interest on, and the proceeds from the sale or redemption of, any obligations held in the account shall be credited to and form a part of the account.

''(d) TRANSFERS OF AMOUNTS.—

''(1) IN GENERAL.—The amounts required to be transferred to the account under this section shall be transferred at least monthly from the general fund of the Treasury to the account on the basis of estimates made by the Secretary of the Treasury.

''(2) ADJUSTMENTS.—Proper adjustment shall be made in amounts subsequently transferred to the extent prior estimates were in excess of or less than the amounts required to be transferred.''.

(b) CONFORMING AMENDMENT.—The analysis for chapter 329 of title 49, United States Code, is amended by inserting after the item relating to section 32915 the following:

''32915A. Use of Civil Penalties For Fuel Economy Research.''.

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**SA 852.** Mrs. LINCOLN (for herself and Mr. SANTORUM) submitted an amendment intended to be proposed by her to the bill H.R. 6, to ensure jobs for our future with secure, affordable, and reliable energy; which was ordered to lie on the table; as follows:

At the appropriate place, insert the following:

**SEC. ___. RENEWABLE LIQUID FUELS EXCISE TAX CREDIT.**

(a) IN GENERAL.—Subchapter B of chapter 65 of the Internal Revenue Code of 1986 (relating to rules of special application) is amended by inserting after section 6426 the following new section:

**''SEC. 6426A. CREDIT FOR RENEWABLE LIQUID FUELS.**

''(a) ALLOWANCE OF CREDITS.—There shall be allowed as a credit against the tax imposed by section 4081 an amount equal to the renewable liquid mixture credit.

''(b) RENEWABLE LIQUID MIXTURE CREDIT.—

''(1) IN GENERAL.—For purposes of this section, the renewable liquid mixture credit is the product of the applicable amount and the number of gallons of renewable liquid used by the taxpayer in producing any renewable liquid mixture for sale or use in a trade or business of the taxpayer.

''(2) APPLICABLE AMOUNT.—For purposes of this section, the applicable amount is $0.75.

''(3) RENEWABLE LIQUID MIXTURE.—For purposes of this section, the term 'renewable liquid mixture' means a mixture of renewable liquid and taxable fuel which—

''(A) is sold by the taxpayer producing such mixture to any person for use as a fuel or feedstock, or

''(B) is used as a fuel or feedstock by the taxpayer producing such mixture.

For purposes of subparagraph (A), a mixture produced by any person at a refinery prior to a taxable event which includes renewable liquid shall be treated as sold at the time of its removal from the refinery (and only at such time) or sold to another person for use as a fuel or feedstock.

''(c) OTHER DEFINITIONS.—For purposes of this subsection:

''(1) RENEWABLE LIQUID.—The term 'renewable liquid' means liquid fuels derived from waste and byproduct streams including; agricultural byproducts and wastes, aqua-culture products produced from waste streams, food processing plant byproducts, municipal solid and semi-solid waste streams, industrial waste streams, automotive scrap waste streams, and as further provided by regulations.

''(2) TAXABLE FUEL.—The term 'taxable fuel' has the meaning given such term by section 4083(a)(1).

''(3) FEEDSTOCK.—The term 'feedstock' means any precursor material subject to further processing to make a petrochemical, solvent, or other fuel which has the effect of displacing conventional fuels, or products produced from conventional fuels.

''(4) ADDITIONAL DEFINITIONS.—Any term used in this section which is also used in section 40B shall have the meaning given such term by section 40B.

''(d) CERTIFICATION FOR RENEWABLE LIQUID FUEL.—No credit shall be allowed under this section unless the taxpayer obtains a certification (in such form and manner as prescribed by the Secretary) from the producer of the renewable liquid fuel, which identifies the product produced.

''(e) MIXTURE NOT USED AS FUEL, ETC.—

''(1) IMPOSITION OF TAX.—If—

''(A) any credit was determined under this section with respect to renewable liquid used in the production of any renewable liquid mixture, and

''(B) any person—

''(i) separates the renewable liquid from the mixture, or

''(ii) without separation, uses the mixture other than as a fuel,

then there is hereby imposed on such person a tax equal to the product of the applicable amount and the number of gallons of such renewable liquid.

''(2) APPLICABLE LAWS.—All provisions of law, including penalties, shall, insofar as applicable and not inconsistent with this section, apply in respect of any tax imposed under paragraph (1) as if such tax were imposed by section 4081 and not by this section.

''(f) COORDINATION WITH EXEMPTION FROM EXCISE TAX.—Rules similar to the rules under section 40 (c) shall apply for purposes of this section.

''(g) TERMINATION.—This section shall not apply to any sale, use, or removal for any period after December 31, 2010.''.

(b) REGISTRATION REQUIREMENT.—Section 4101(a)(1) of the Internal Revenue Code of 1986 (relating to registration), as amended by this Act, is amended by inserting ''and every person producing or importing renewable liquid as defined in section 6426A(c)(1)'' before ''shall register with the Secretary''.

(c) PAYMENTS.—Section 6427 of the Internal Revenue Code of 1986 is amended by inserting after subsection (f) the following new subsection:

''(g) RENEWABLE LIQUID USED TO PRODUCE MIXTURE.—

''(1) USED TO PRODUCE A MIXTURE.—If any person produces a mixture described in section 6426A in such person's trade or business, the Secretary shall pay (without interest) to such person an amount equal to the renewable liquid mixture credit with respect to such mixture.

''(2) COORDINATION WITH OTHER REPAYMENT PROVISIONS.—No amount shall be payable under paragraph (1) with respect to any mixture with respect to which an amount is allowed as a credit under section 6426A.

''(3) TERMINATION.—This subsection shall not apply with respect to any renewable liquid fuel mixture (as defined in section 6426A(b)(3) sold or used after December 31, 2010.''.

(d) CONFORMING AMENDMENT.—The last sentence of section 9503(b)(1) of the Internal Revenue Code of 1986 is amended by striking ''section 6426'' and inserting ''sections 6426 and 6426A''.

(e) CLERICAL AMENDMENT.—The table of sections for subchapter B of chapter 65 of the Internal Revenue Code of 1986 is amended by inserting after the item relating to section 6426 the following new item:

''Sec. 6426A. Credit for renewable liquid fuels.''.

(f) EFFECTIVE DATES.—

(1) IN GENERAL.—Except as otherwise provided in this subsection, the amendments made by this section shall apply to fuel sold or used on or after January 1, 2005.

(2) REGISTRATION REQUIREMENT.—The amendment made by subsection (b) shall take effect on the date of the enactment of this Act.

**SEC. ___. RENEWABLE LIQUID INCOME TAX CREDIT.**

(a) IN GENERAL.—Subpart D of part IV of subchapter A of chapter 1 of the Internal Revenue Code of 1986 (relating to business related credits) is amended by inserting after section 40A the following new section:

**''SEC. 40B. RENEWABLE LIQUID USED AS FUEL.**

''(a) GENERAL RULE.—For purposes of section 38, the renewable liquid credit determined under this section for the taxable year is an amount equal to the sum of—

''(1) the renewable liquid mixture credit, plus

''(2) the renewable liquid credit.

''(b) DEFINITION OF RENEWABLE LIQUID MIXTURE CREDIT AND RENEWABLE LIQUID CREDIT.—For purposes of this section—

''(1) RENEWABLE LIQUID MIXTURE CREDIT.—

''(A) IN GENERAL.—The renewable liquid mixture credit of any taxpayer for any taxable year is $0.75 for each gallon of renewable liquid fuel used by the taxpayer in the production of a qualified renewable liquid fuel mixture.

''(B) QUALIFIED RENEWABLE LIQUID MIXTURE.—The term 'qualified renewable liquid mixture' means a mixture of renewable liquid and taxable fuel (as defined in section 4083(a)(1)), which—

''(i) is sold by the taxpayer producing such a mixture to any person for use as a fuel or feedstock, or

''(ii) is used as a fuel or feedstock by the taxpayer producing such mixture.

''(C) SALE OR USE MUST BE IN TRADE OR BUSINESS, ETC.—Renewable liquid used in the production of a qualified renewable liquid fuel mixture shall be taken into account—

''(i) only if the sale or use described in subparagraph (B) is in a trade or business of the taxpayer, and

''(ii) for the taxable year in which such sale or use occurs.

''(2) RENEWABLE LIQUID CREDIT.—

''(A) IN GENERAL.—The renewable liquid credit of any taxpayer for any taxable year is $0.75 for each gallon of renewable liquid which is not in a mixture with taxable fuel and which during the taxable year—

''(i) is used by the taxpayer as a fuel or feedstock in a trade or business, or

''(ii) is sold by the taxpayer at retail to a person and placed in the fuel tank of such person's vehicle.

''(B) USER CREDIT NOT TO APPLY TO RENEWABLE LIQUID SOLD AT RETAIL.—No credit shall be allowed under subparagraph (A)(i) with respect to any renewable liquid which was sold in a retail sale described in subparagraph (A)(ii).

''(c) CERTIFICATION FOR RENEWABLE LIQUID.—No credit shall be allowed under this section unless the taxpayer obtains a certification (in such form and manner as prescribed by the Secretary) from the producer or importer of the renewable liquid fuel which identifies the product produced and percentage of renewable liquid fuel in the product.

''(d) COORDINATION WITH CREDIT AGAINST EXCISE TAX.—The amount of the credit determined under this section with respect to any renewable liquid fuel shall be properly reduced to take into account any benefit provided with respect to such renewable liquid fuel solely by reason of the application of section 6426A or 6427(g).

''(e) DEFINITIONS AND SPECIAL RULES.—For purposes of this section, the term 'renewable liquid' means liquid fuels derived from waste and byproduct streams including; agricultural byproducts and wastes, agriculture materials produced from waste streams, food processing plant byproducts, municipal solid and semi-solid waste streams, industrial waste streams, automotive scrap waste streams, as further provided by regulations.

''(f) MIXTURE OR RENEWABLE LIQUID NOT USED AS A FUEL, ETC.—

''(1) MIXTURES.—If—

''(A) any credit was determined under this section with respect to renewable liquid used in the production of any qualified renewable liquid mixture, and

''(B) any person—

''(i) separates the renewable liquid from the mixture, or

''(ii) without separation, uses the mixture other than as a fuel,

then there is hereby imposed on such person a tax equal to the product of the rate applicable under subsection (b)(1)(A) and the number of gallons of such renewable liquid in such mixture.

''(2) RENEWABLE LIQUID.—If—

''(A) any credit was determined under this section with respect to the retail sale of any renewable liquid, and

''(B) any person mixes such renewable liquid or uses such renewable liquid other than as a fuel, then there is hereby imposed on such person a tax equal to the product of the rate applicable under subsection (b)(2)(A) and the number of gallons of such renewable liquid.

''(3) APPLICABLE LAWS.—All provisions of law, including penalties, shall, insofar as applicable and not inconsistent with this section, apply in respect of any tax imposed under subparagraph (A) or (B) as if such tax were imposed by section 4081 and not by this chapter.

''(g) PASS-THRU IN THE CASE OF ESTATES AND TRUSTS.—Under regulations prescribed by the Secretary, rules similar to the rules of subsection (d) of section 52 shall apply.

''(h) TERMINATION.—This section shall not apply to any sale or use after December 31, 2010.''.

(b) CREDIT TREATED AS PART OF GENERAL BUSINESS CREDIT.—Section 38(b) of the Internal Revenue Code of 1986 (relating to current year business credit), as amended by this Act, is amended by striking ''plus'' at the

end of paragraph (23), by striking the period at the end of paragraph (24), and inserting ''plus'', and by inserting after paragraph (24) the following new paragraph:

''(25) The renewable liquid credit determined under section 40B.''.

(c) CLERICAL AMENDMENT.—The table of sections for subpart D of part IV of subchapter A of chapter I of the Internal Revenue Code of 1986 is amended by inserting after the item relating to section 40A the following new item:

''Sec. 40B. Renewable liquid used as fuel.''.

(d) EFFECTIVE DATE.—The amendments made by this section shall apply to fuel produced, and sold as used, on or after January 1, 2005.

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**SA 853.** Mr. STEVENS submitted an amendment intended to be proposed by him to the bill H.R. 6, to ensure jobs for our future with secure, affordable, and reliable energy; which was ordered to lie on the table; as follows:

At the appropriate place insert the following:

**SEC. ___. TAX-EXEMPT TREATMENT OF CERTAIN BONDS ISSUED BY CERTAIN JOINT ACTION AGENCIES.**

(a) IN GENERAL.—For purposes of the Internal Revenue Code of 1986, with respect to the issuance of any bond by any joint action agency described in subsection (b), if such bond satisfies the requirements of subsection (c) then—

(1) such bond shall be treated as issued by a political subdivision for purposes of section 103 of such Code, and

(2) the sale of power by such agency to its members shall not result in such bond being treated as a private activity bond under section 141 of such Code.

(b) AGENCY DESCRIBED.—An agency is described in this subsection if such agency is established under State law on or after December 31, 2000, and before August 1, 2005, for the purpose of participating in the design, construction, operation, and maintenance of 1 or more generating or transmission facilities and is treated under such law as a public utility.

(c) BOND REQUIREMENTS.—A bond issued as part of an issue satisfies the requirements of this subsection if—

(1) such issue satisfies the requirements of section 147(f)(2) of the Internal Revenue Code of 1986 (relating to public approval),

(2) such issue receives an allocation of the issuance limitation described in paragraph (3) by the governmental unit approving such issue under paragraph (1),

(3) the aggregate face amount of the bonds issued pursuant to such issue, when added to the aggregate face amount of bonds previously issued by all agencies described in subsection (b), does not exceed $1,000,000,000, and

(4) any bond issued pursuant to such issue is issued after the date of the enactment of this Act and before January 1, 2011.

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**SA 854.** Mr. STEVENS submitted an amendment intended to be proposed by him to the bill H.R. 6, to ensure jobs for our future with secure, affordable, and reliable energy; which was ordered to lie on the table; as follows:

At the appropriate place, insert the following:

**SEC. ___. EXPANSION OF RESOURCES TO WAVE, CURRENT, TIDAL, AND OCEAN THERMAL ENERGY.**

(a) IN GENERAL.—Section 45(c)(1) of the Internal Revenue Code of 1986 (defining qualified energy resources), as amended by this Act, is amended by striking ''and'' at the end of subparagraph (H), by striking the period at the end of subparagraph (I) and inserting ''and'', and by adding at the end the following new subparagraph:

''(J) wave, current, tidal, and ocean thermal energy.''

(b) DEFINITION OF RESOURCES.—Section 45(c) of such Code, as amended by this Act, is amended by adding at the end the following new paragraph:

''(9) WAVE, CURRENT, TIDAL, AND OCEAN THERMAL ENERGY.—The term 'wave, current, tidal, and ocean thermal energy' means electricity produced from any of the following:

''(A) Free flowing ocean water derived from tidal currents, ocean currents, waves, or estuary currents.

''(B) Ocean thermal energy.

''(C) Free flowing water in rivers, lakes, man made channels, or streams.''

(c) FACILITIES.—Section 45(d) of such Code, as amended by this Act, is amended by adding at the end the following new paragraph:

''(10) WAVE, CURRENT, TIDAL, AND OCEAN THERMAL FACILITY.—In the case of a facility using resources described in subparagraph (A), (B), or (C) of subsection (c)(9) to produce electricity, the term 'qualified facility' means any facility owned by the taxpayer which is originally placed in service after the date of the enactment of this paragraph and before January 1, 2010, but such term shall not include a facility which includes impoundment structures.''

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**SA 855.** Mr. STEVENS submitted an amendment intended to be proposed by him to the bill H.R. 6, to ensure jobs for our future with secure, affordable, and reliable energy; which was ordered to lie on the table; as follows:

At the appropriate place, insert the following:

**SEC. ___. DEFINITION OF BIODIESEL.**

(a) IN GENERAL.—Paragraph (1) of section 40A(d) of the Internal Revenue Code of 1986 (defining biodiesel) is amended by adding at the end the following new flush sentence:

''Such term also includes long chain fatty acids from animal products produced under the regulatory authority of the Food and Drug Administration.''

(b) EFFECTIVE DATE.—The amendment made by this section shall apply to taxable years beginning after the date of the enactment of this Act.

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**SA 856.** Mr. STEVENS submitted an amendment intended to be proposed by him to the bill H.R. 6, to ensure jobs for our future with secure, affordable, and reliable energy; which was ordered to lie on the table; as follows:

At the appropriate place, insert the following:

**SEC. ___. SMALL IRRIGATION POWER.**

(a) IN GENERAL.—Section 45(c)(5) of the Internal Revenue Code of 1986 (defining small irrigation power) is amended by adding at the end the following flush sentence:

''Such term includes power generated at FERC project numbers 1051, 10440, 11393, 11077, and 11588.''

(b) EFFECTIVE DATE.—The amendment made by this section shall apply to sales after the date of the enactment of this Act, in taxable years ending after such date.

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**SA 857.** Mr. BURR submitted an amendment intended to be proposed by him to the bill H.R. 6, to ensure jobs for our future with secure, affordable, and reliable energy; which was ordered to lie on the table; as follows:

On page 160, before line 1, insert the following:

**SEC. 220. IMPROVING MOTOR FUEL SUPPLY AND DISTRIBUTION.**

(a) LIMITING NUMBER OF BOUTIQUE FUELS.—Section 211(c)(4)(C) of the Clean Air Act (42 U.S.C. 7545(c)(4)(C)) (as amended by section 228) is amended by adding at the end the following:

''(iii)(I) The Administrator shall have no authority, when considering a State implementation plan or a State implementation plan revision, to approve under this paragraph any fuel included in such plan or revision if the effect of such approval would be to increase the total number of fuels approved under this paragraph as of January 1, 2005 in all State implementation plans.

''(II) The Administrator, in consultation with the Secretary of Energy, shall determine the total number of fuels approved under this paragraph as of January 1, 2005, in all State implementation plans and shall publish a list of such fuels, including the states and Petroleum Administration for Defense District in which they are used, in the Federal Register no later than 90 days after enactment.

''(III) The Administrator shall remove a fuel from the list published under subclause (II) if a fuel ceases to be included in a State implementation plan or if a fuel in a State implementation plan is identical to a Federal fuel formulation implemented by the Administrator, but the Administrator shall not reduce the total number of fuels authorized under the list published under subclause (II).

''(IV) Subclause (I) shall not apply to approval by the Administrator of a control or prohibition respecting any new fuel under this paragraph in a State's implementation plan or a revision to that State's implementation plan after the date of enactment of this Act if the fuel, as of the date of consideration by the Administrator—

''(aa) would replace completely a fuel on the list published under subclause (II);

''(bb) has been approved in at least one State implementation plan in the applicable Petroleum Administration for Defense District; or

''(cc) is a fuel that differs from the Federal conventional gasoline specifications under subsection (k)(8) only with respect to the requirement of a summertime Reid Vapor Pressure of 7.0 or 7.8 pounds per square inch.

''(V) Nothing in this clause shall be construed to have any effect regarding any available authority of States to require the use of any fuel additive registered in accordance with subsection (b), including any fuel additive registered in accordance with subsection (b) after the enactment of this subclause.

''(VI) In this clause:

''(aa) The term 'control or prohibition respecting a new fuel' means a control or prohibition on the formulation, composition, or emissions characteristics of a fuel that would require the increase or decrease of a constituent in gasoline or diesel fuel.

''(bb) The term 'fuel' means gasoline, diesel fuel, and any other liquid petroleum product commercially known as gasoline and diesel fuel for use in highway and non-road motor vehicles.''.

(b) TEMPORARY WAIVERS DURING SUPPLY EMERGENCIES.—Section 211(c)(4) of the Clean Air Act (42 U.S.C. 7545(c)(4)) is amended by adding at the end the following:

''(D) TEMPORARY WAIVERS DURING SUPPLY EMERGENCIES.—The Administrator may temporarily waive a control or prohibition with respect to the use of a fuel or fuel additive required or regulated by the Administrator under subsection (c), (h), (i), (k), or (m), or prescribed in an applicable implementation

plan under section 110 that is approved by the Administrator under subparagraph (c)(4)(C)(i), if, after consultation with and concurrence by the Secretary of Energy, the Administrator determines that—

''(i) an extreme and unusual fuel or fuel additive supply circumstance exists in a State or region that prevents the distribution of an adequate supply of the fuel or fuel additive to consumers;

''(ii) the extreme and unusual fuel or fuel additive supply circumstance is the result of a natural disaster, an act of God, a pipeline or refinery equipment failure, or another event that could not reasonably have been foreseen or prevented and not a lack of prudent planning on the part of the suppliers of the fuel or fuel additive to the State or region; and

''(iii) it is in the public interest to grant the waiver.

''(E) REQUIREMENTS FOR WAIVER.—

''(i) DEFINITION OF MOTOR FUEL DISTRIBUTION SYSTEM.—In this subparagraph, the term 'motor fuel distribution system' has the meaning given the term by the Administrator, by regulation.

''(ii) REQUIREMENTS.—A waiver under subparagraph (D) shall be permitted only if—

''(I) the waiver applies to the smallest geographic area necessary to address the extreme and unusual fuel or fuel additive supply circumstance;

''(II) the waiver is effective for a period of 15 calendar days or, if the Administrator determines that a shorter or longer waiver period is adequate, for the shortest practicable time period necessary to permit the correction of the extreme and unusual fuel or fuel additive supply circumstances and to mitigate impact on air quality;

''(III) the waiver permits a transitional period, the duration of which shall be determined by the Administrator, after the termination of the temporary waiver to permit wholesalers and retailers to blend down wholesale and retail inventory;

''(IV) the waiver applies to all persons in the motor fuel distribution system; and

''(V) the Administrator has given public notice regarding consideration by the Administrator of, and, if applicable, the granting of, a waiver to all parties in the motor fuel distribution system, State and local regulators, public interest groups, and consumers in the State or region to be covered by the waiver.

''(F) AFFECT ON WAIVER AUTHORITY.—Nothing in subparagraph (D)—

''(i) limits or otherwise affects the application of any other waiver authority of the Administrator under this section or a regulation promulgated pursuant to this section; or

''(ii) subjects any State or person to an enforcement action, penalties, or liability solely arising from actions taken pursuant to the issuance of a waiver under subparagraph (D).''.

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**SA 858.** Mr. SALAZAR submitted an amendment intended to be proposed by him to the bill H.R. 6, to ensure jobs for our future with secure, affordable, and reliable energy; which was ordered to lie on the table; as follows:

Beginning on page 290, strike line 6 and all that follows through page 296, line 25, and insert the following:

**SEC. 346. OIL SHALE.**

(a) DECLARATION OF POLICY.—Congress declares that it is the policy of the United States that—

(1) United States oil shale and tar sands are strategically important domestic resources that should be developed through methods that help reduce the growing dependence of the United States on politically and economically unstable sources of foreign oil imports;

(2) the development of oil shale and tar sands, for research and commercial development, should be conducted in an economically feasible and environmentally sound manner, using practices that minimize impacts;

(3) development should occur at a deliberate pace, with an emphasis on sustainability, to benefit the United States while taking into account affected States and communities; and

(4) the Secretary of the Interior should work toward developing a commercial leasing program for oil shale and tar sands so that such a program can be implemented when production technologies are commercially viable.

(b) LEASING PROGRAM.—

(1) RESEARCH AND DEVELOPMENT.—

(A) IN GENERAL.—In accordance with section 21 of the Mineral Leasing Act (30 U.S.C. 241) and any other applicable law, except as provided in this section, not later than 1 year after the date of enactment of this Act, from land otherwise available for leasing, the Secretary of the Interior (referred to in this section as the ''Secretary'') shall, for a period determined by the Secretary, make available for leasing such land as the Secretary considers to be necessary to conduct research and development activities with respect to innovative technologies for the recovery of shale oil from oil shale resources on public land.

(B) APPLICATION.—The Secretary may offer to lease the land to persons that submit an application for the lease, if the Secretary determines that there is no competitive interest in the land.

(C) ADMINISTRATION.—In carrying out this paragraph, the Secretary shall—

(i) provide for environmentally sound research and development of oil shale;

(ii) provide for an appropriate return to the public, as determined by the Secretary;

(iii) before carrying out any activity that will disturb the surface of land, provide for an adequate bond, surety, or other financial arrangement to ensure reclamation;

(iv) provide for a primary lease term of 10 years, after which the lease term may be extended if the Secretary determines that diligent research and development activities are occurring on the land leased;

(v) require the owner or operator of a project under this subsection, within such period as the Secretary may determine—

(I) to submit a plan of operations;

(II) to develop an environmental protection plan; and

(III) to undertake diligent research and development activities;

(vi) ensure that leases under this section are not larger than necessary to conduct research and development activities under an application under subparagraph (B);

(vii) provide for consultation with affected State and local governments; and

(viii) provide for such requirements as the Secretary determines to be in the public interest.

(2) COMMERCIAL LEASING.—Prior to conducting commercial leasing, the Secretary shall carry out—

(A) the programmatic environmental impact statement required under subsection (c); and

(B) the analysis required under subsection (d).

(3) MONEYS RECEIVED.—Any moneys received from a leasing activity under this subsection shall be paid in accordance with section 35 of the Mineral Leasing Act (30 U.S.C. 191).

(c) PROGRAMMATIC ENVIRONMENTAL IMPACT STATEMENT.—Not later than 18 months after the date of enactment of this Act, in accordance with section 102(2)(C) of the National Environmental Policy Act of 1969 (42 U.S.C. 4332(2)(C)), the Secretary shall complete a programmatic environmental impact statement that analyzes potential leasing for commercial development of oil shale resources on public land.

(d) ANALYSIS OF POTENTIAL LEASING PROGRAM.—

(1) IN GENERAL.—Not later than 18 months after the date of enactment of this Act, the Secretary shall submit to Congress a report (including recommendations) analyzing a potential leasing program for the commercial development of oil shale on public land.

(2) INCLUSIONS.—The report under paragraph (1) shall include—

(A) an analysis of technologies and research and development programs for the production of oil and other materials from oil shale and tar sands in existence on the date on which the report is prepared;

(B) an analysis of—

(i) whether leases under the program should be issued on a competitive basis;

(ii) the term of the leases;

(iii) the maximum size of the leases;

(iv) the use and distribution of bonus bid lease payments;

(v) the royalty rate to be applied, including whether a sliding scale royalty rate should be used;

(vi) whether an opportunity should be provided to convert research and development leases into leases for commercial development, including the terms and conditions that should apply to the conversion;

(vii) the maximum number of leases and maximum acreage to be leased under the leasing program to an individual; and

(viii) any infrastructure required to support oil shale development in industry and communities;

(C) an identification of events that should serve as a precursor to commercial leasing, including development of environmentally and commercially viable technologies, and the completion of land use planning and environmental reviews; and

(D) an analysis, developed in conjunction with the appropriate State water resource agencies, of the demand for, and availability of, water with respect to the development of oil shale and tar sands.

(3) PUBLIC PARTICIPATION.—In preparing the report under this subsection, the Secretary shall provide notice to, and solicit comment from—

(A) the public;

(B) representatives of local governments;

(C) representatives of industry; and

(D) other interested parties.

(4) PARTICIPATION BY CERTAIN STATES.—In preparing the report under this subsection, the Secretary shall—

(A) provide notice to, and solicit comment from, the Governors of the States of Colorado, Utah, and Wyoming; and

(B) incorporate into the report submitted to Congress under paragraph (1) any response of the Secretary to those comments.

(e) OIL SHALE AND TAR SANDS TASK FORCE.—

(1) ESTABLISHMENT.—The Secretary of Energy, in cooperation with the Secretary of the Interior, shall establish an Oil Shale and Tar Sands Task Force to develop a program to coordinate and accelerate the commercial development of oil shale and tar sands in an integrated manner.

(2) COMPOSITION.—The Task Force shall be composed of—

(A) the Secretary of Energy (or the designee of the Secretary of Energy);

(B) the Secretary of Defense (or the designee of the Secretary of Defense);

(C) the Secretary of the Interior (or the designee of the Secretary of the Interior);

(D) the Governors of the affected States; and

(E) representatives of local governments in affected areas.

(3) DEVELOPMENT OF A 5-YEAR PLAN.—

(A) IN GENERAL.—The Task Force shall formulate a 5-year plan to promote the development of oil shale and tar sands by industry.

(B) COMPONENTS.—In formulating the plan, the Task Force shall—

(i) identify public actions that are required to stimulate prudent development of oil shale and tar sands by industry;

(ii) analyze the costs and benefits of those actions;

(iii) make recommendations concerning specific actions that should be taken to stimulate prudent development of oil shale and tar sands by industry, including economic, investment, tax, technology, research and development, infrastructure, environmental, education, and socio-economic actions;

(iv) consult with representatives of industry and other stakeholders;

(v) provide notice and opportunity for public comment on the plan;

(vi) identify oil shale and tar sands technologies that—

(I) are ready for pilot plant and semiworks development; and

(II) have a high probability of leading to advanced technology for first- or second-generation commercial production; and

(vii) assess the availability of water from the Green River Formation to meet the needs of the oil shale and tar sands industry.

(4) NATIONAL PROGRAM OFFICE.—The Task Force shall analyze and make recommendations regarding the need for a national program office to administer the plan.

(5) PARTNERSHIP.—The Task Force shall recommend whether to initiate a partnership with Alberta, Canada, for purposes of sharing information relating to the development and production of oil from tar sands.

(6) REPORTS.—

(A) INITIAL REPORT.—Not later than 180 days after the date of enactment of this Act, the Task Force shall submit to the President and Congress a report that describes the analysis and recommendations of the Task Force and contains the 5-year plan.

(B) SUBSEQUENT REPORTS.—The Secretary of Energy shall provide an annual report describing the progress in carrying out the plan for each of the 5 years following submission of the report provided for in subparagraph (A).

(f) MINERAL LEASING ACT AMENDMENTS.—Section 21(a) of the Mineral Leasing Act (30 U.S.C. 241(a)) is amended—

(1) by designating the first, second, and third sentences as paragraphs (1), (2), and (3), respectively; and

(2) in paragraph (3) (as designated by paragraph (1))—

(A) by striking ''rate of 50 cents per acre'' and inserting ''rate of $2.00 per acre''; and

(B) in the last proviso—

(i) by striking ''That not more than one lease shall be granted under this section to any'' and inserting ''That no''; and

(ii) by striking ''except that with respect to leases for'' and inserting ''shall acquire or hold more than 25,000 acres of oil shale leases in the United States. For''.

(g) COST-SHARED DEMONSTRATION TECHNOLOGIES.—

(1) IDENTIFICATION.—The Secretary of Energy shall identify technologies for the development of oil shale and tar sands that—

(A) are ready for demonstration at a commercially-representative scale; and

(B) have a high probability of leading to commercial production.

(2) ASSISTANCE.—For each technology identified under paragraph (1), the Secretary of Energy may provide—

(A) technical assistance;

(B) assistance in meeting environmental and regulatory requirements; and

(C) cost-sharing assistance in accordance with section 1002.

(h) TECHNICAL ASSISTANCE.—

(1) IN GENERAL.—The Secretary of Energy shall provide technical assistance to private industry for the purpose of overcoming technical challenges to the development of oil shale and tar sands technologies for application in the United States.

(2) ADMINISTRATION.—The Secretary of Energy may provide technical assistance under this section on a fee-for-service or cost-shared basis in accordance with section 1002 through individual agreements, cooperative research and development agreements, partnerships, or other approaches.

(i) NATIONAL OIL SHALE ASSESSMENT.—

(1) ASSESSMENT.—

(A) IN GENERAL.—The Secretary shall carry out a national assessment of oil shale resources for the purposes of evaluating and mapping oil shale deposits, in the geographic areas described in subparagraph (B).

(B) GEOGRAPHIC AREAS.—The geographic areas referred to in subparagraph (A), listed in the order in which the Secretary shall assign priority, are—

(i) the Green River Region of the States of Colorado, Utah, and Wyoming;

(ii) the Devonian oil shales of the eastern United States; and

(iii) any remaining area in the central and western United States (including the State of Alaska) that contains oil shale, as determined by the Secretary.

(2) USE OF STATE SURVEYS AND UNIVERSITIES.—In carrying out the assessment under paragraph (1), the Secretary may request assistance from any State-administered geological survey or university.

(j) STATE WATER RIGHTS.—Nothing in this section preempts or affects any State water law or interstate compact relating to water.

(k) AUTHORIZATION OF APPROPRIATIONS.—There are authorized to be appropriated such sums as are necessary to carry out this section.

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**SA 859.** Mr. WARNER submitted an amendment intended to be proposed by him to the bill H.R. 6, to ensure jobs for our future with secure, affordable, and reliable energy; which was ordered to lie on the table; as follows:

On page 160, before line 1, insert the following:

**SEC. 220. TREATMENT OF NUCLEAR ENERGY.**

For the purposes of any renewable standard established by this title or an amendment made by this title, nuclear energy shall be considered to be a renewable form of energy.

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**SA 860.** Mr. WARNER submitted an amendment intended to be proposed by him to the bill H.R. 6, to ensure jobs for our future with secure, affordable, and reliable energy; which was ordered to lie on the table; as follows:

On page 310, after line 25, add the following:

**SEC. 372. OUTER CONTINENTAL SHELF REVENUE SHARING FOR NONMORATORIA COASTAL PRODUCING STATES.**

(a) IN GENERAL.—The Outer Continental Shelf Lands Act (43 U.S.C. 1331 et seq.) is amended by adding at the end the following:

**''SEC. 32. OUTER CONTINENTAL SHELF REVENUE SHARING FOR NONMORATORIA COASTAL PRODUCING STATES.**

''(a) DEFINITIONS.—In this section:

''(1) COASTAL POLITICAL SUBDIVISION.—The term 'coastal political subdivision' means a political subdivision of a producing State, all or part of which lies within the boundaries of the coastal zone of the producing State that are identified in the coastal zone management program for the producing State under the Coastal Zone Management Act of 1972 (16 U.S.C. 1451 et seq.), as in effect on the date of enactment of this section.

''(2) COASTAL POPULATION.—The term 'coastal population' means the population, as determined by the most recent official data of the Census Bureau, of each political subdivision, any part of which lies within the designated coastal boundary of a State (as defined in a coastal zone management program of the State under the Coastal Zone Management Act of 1972 (16 U.S.C. 1451 et seq.)).

''(3) COASTAL STATE.—The term 'coastal State' has the meaning given the term in section 304 of the Coastal Zone Management Act of 1972 (16 U.S.C. 1453).

''(4) COASTLINE.—The term 'coastline' has the meaning given the term in section 2 of the Submerged Lands Act (43 U.S.C. 1301).

''(5) DISTANCE.—The term 'distance' means the minimum great circle distance, measured in statute miles.

''(6) LEASED TRACT.—The term 'leased tract' means a tract that is subject to a lease under section 6 or 8 for the purpose of drilling for, developing, and producing oil or natural gas resources.

''(7) POLITICAL SUBDIVISION.—The term 'political subdivision' means the local political jurisdiction immediately below the level of State government, including counties, parishes, and boroughs.

''(8) PRODUCING STATE.—

''(A) IN GENERAL.—The term 'producing State' means a coastal State that has a coastal seaward boundary within 200 miles of the geographic center of a leased tract within any area of the outer Continental Shelf.

''(B) INCLUSION.—The term 'producing State' includes any State that begins production on a leased tract on or after the date of enactment of this section, regardless of whether the leased tract was on any date subject to a leasing moratorium.

''(9) QUALIFIED OUTER CONTINENTAL SHELF REVENUES.—

''(A) IN GENERAL.—The term 'qualified Outer Continental Shelf revenues' means all amounts received by the United States from each leased tract or portion of a leased tract—

''(i) lying—

''(I) seaward of the zone covered by section 8(g); or

''(II) within the zone covered by section 8(g), but to which section 8(g) does not apply; and

''(ii) the geographic center of which lies within 200 miles of any part of the coastline of any coastal State.

''(B) INCLUSIONS.—The term 'qualified Outer Continental Shelf revenues' includes bonus bids, rents, royalties (including payments for royalty taken in kind and sold), net profit share payments, and related late-payment interest from natural gas and oil leases issued under this Act.

''(10) TRANSFERRED AMOUNT.—The term 'transferred amount' means the amount transferred to the Secretary under subsection (b)(1) to make payments to producing States and coastal political subdivisions under this section for a fiscal year.

''(b) PAYMENTS TO PRODUCING STATES AND COASTAL POLITICAL SUBDIVISIONS.—

''(1) TRANSFER OF AMOUNTS.—From qualified Outer Continental Shelf revenues deposited in the Treasury under this Act for a fiscal year, the Secretary of the Treasury shall transfer to the Secretary to make payments to producing States and coastal political subdivisions under this section—

''(A) for each of fiscal years 2006 through 2010, $500,000,000; and

''(B) for fiscal year 2011 and each subsequent fiscal year, an amount equal to 50 percent of qualified Outer Continental Shelf revenues received for a fiscal year.

''(2) DISBURSEMENT.—During each fiscal year, the Secretary shall, subject to the availability of appropriations for purposes of paragraph (1)(A), and without further appropriation for purposes of paragraph (1)(B), disburse to each producing State for which the Secretary has approved a plan under subsection (c), and to coastal political subdivisions under paragraph (4), the funds allocated to the producing State or coastal political subdivision under this section for the fiscal year.

''(3) ALLOCATION AMONG PRODUCING STATES.—

''(A) IN GENERAL.—The transferred amount shall be allocated to each producing State based on the ratio that—

''(i) the amount of qualified outer Continental Shelf revenues generated off the coastline of the producing State; bears to

''(ii) the amount of qualified outer Continental Shelf revenues generated off the coastline of all producing States.

''(B) QUALIFIED OUTER CONTINENTAL SHELF REVENUES.—

''(i) FISCAL YEARS 2006 THROUGH 2008.—For each of fiscal years 2006 through 2008, a calculation of a payment under this subsection shall be based on qualified outer Continental Shelf revenues received during fiscal year 2005.

''(ii) FISCAL YEARS 2009 THROUGH 2010.—For each of fiscal years 2009 through 2010, a calculation of a payment under this subsection shall be based on qualified outer Continental Shelf revenues received during fiscal year 2008.

''(iii) FISCAL YEAR 2011 AND THEREAFTER.—Beginning in fiscal year 2011, a calculation of a payment under this subsection for each fiscal year during a 2-year fiscal year period shall be based on qualified outer Continental Shelf revenues received during the fiscal year preceding the first fiscal year of the 2-year fiscal year period.

''(C) MULTIPLE PRODUCING STATES.—If more than 1 producing State is located within 200 miles of any portion of a leased tract, the amount allocated to each producing State for the leased tract shall be inversely proportional to the distance between—

''(i) the nearest point on the coastline of the producing State; and

''(ii) the geographic center of the leased tract.

''(D) MINIMUM ALLOCATION.—An amount allocated to a producing State under this paragraph shall be not less than 1 percent of the transferred amount.

''(4) PAYMENTS TO COASTAL POLITICAL SUBDIVISIONS.—

''(A) IN GENERAL.—The Secretary shall pay 35 percent of the amount allocated under paragraph (3) to the coastal political subdivisions in the producing State.

''(B) FORMULA.—Of the amount paid by the Secretary to coastal political subdivisions under subparagraph (A)—

''(i) 25 percent shall be allocated to each coastal political subdivision in the proportion that—

''(I) the coastal population of the coastal political subdivision; bears to

''(II) the coastal population of all coastal political subdivisions in the producing State;

''(ii) 25 percent shall be allocated to each coastal political subdivision in the proportion that—

''(I) the number of miles of coastline of the coastal political subdivision; bears to

''(II) the number of miles of coastline of all coastal political subdivisions in the producing State; and

''(iii) 50 percent shall be allocated in amounts that are inversely proportional to the respective distances between the points in each coastal political subdivision that are closest to the geographic center of each leased tract, as determined by the Secretary.

''(C) EXCEPTION FOR LOUISIANA.—For the purposes of subparagraph (B)(ii), the coastline for coastal political subdivisions in the State of Louisiana without a coastline shall be the average length of the coastline of all other coastal political subdivisions in the State of Louisiana.

''(D) EXCEPTION FOR ALASKA.—For the purposes of carrying out subparagraph (B)(iii) in the State of Alaska, the amount allocated shall be divided equally among the 2 coastal political subdivisions that are closest to the geographic center of a leased tract.

''(5) NO APPROVED PLAN.—

''(A) IN GENERAL.—Subject to subparagraph (B) and except as provided in subparagraph (C), if any amount allocated to a producing State or coastal political subdivision under paragraph (3) or (4) is not disbursed because the producing State does not have in effect a plan that has been approved by the Secretary under subsection (c), the Secretary shall allocate the undisbursed amount equally among all other producing States.

''(B) RETENTION OF ALLOCATION.—The Secretary shall hold in escrow an undisbursed amount described in subparagraph (A) until the date that the final appeal regarding the disapproval of a plan submitted under subsection (c) is decided.

''(C) WAIVER.—The Secretary may waive the requirements of subparagraph (A) with respect to an allocated share of a producing State and hold the allocable share in escrow if the Secretary determines that the producing State is making a good faith effort to develop and submit, or update, a plan in accordance with subsection (c).

''(c) COASTAL IMPACT ASSISTANCE PLAN.—

''(1) SUBMISSION OF STATE PLAN.—

''(A) IN GENERAL.—Not later than July 1, 2008, the Governor of a producing State shall submit to the Secretary a coastal impact assistance plan.

''(B) PUBLIC PARTICIPATION.—In carrying out subparagraph (A), the Governor shall solicit local input and provide for public participation in the development of the plan.

''(2) APPROVAL.—

''(A) IN GENERAL.—The Secretary shall approve a plan of a producing State submitted under paragraph (1) before disbursing any amount to the producing State, or to a coastal political subdivision located in the producing State, under this section.

''(B) COMPONENTS.—The Secretary shall approve a plan submitted under paragraph (1) if—

''(i) the Secretary determines that the plan is consistent with the uses described in subsection (d); and

''(ii) the plan contains—

''(I) the name of the State agency that will have the authority to represent and act on behalf of the producing State in dealing with the Secretary for purposes of this section;

''(II) a program for the implementation of the plan that describes how the amounts provided under this section to the producing State will be used;

''(III) for each coastal political subdivision that receives an amount under this section—

''(aa) the name of a contact person; and

''(bb) a description of how the coastal political subdivision will use amounts provided under this section;

''(IV) a certification by the Governor that ample opportunity has been provided for public participation in the development and revision of the plan; and

''(V) a description of measures that will be taken to determine the availability of assistance from other relevant Federal resources and programs.

''(3) AMENDMENT TO A PLAN.—Any amendment to a plan submitted under paragraph (1) shall be—

''(A) developed in accordance with this subsection; and

''(B) submitted to the Secretary for approval or disapproval under paragraph (4).

''(4) PROCEDURE.—Except as provided in subparagraph (B), not later than 90 days after the date on which a plan or amendment to a plan is submitted under paragraph (1) or (3), the Secretary shall approve or disapprove the plan or amendment.

''(d) AUTHORIZED USES.—

''(1) FISCAL YEARS 2006 THROUGH 2010.—A producing State or coastal political subdivision shall use any amount transferred under subsection (b)(1)(A) that is distributed to the producing State or coastal political subdivision, including any amount deposited in a trust fund that is administered by the State or coastal political subdivision and dedicated to a use consistent with this section, in accordance with all applicable Federal and State law, only for 1 or more of the following purposes:

''(A) Projects and activities for the conservation, protection, or restoration of coastal areas, including wetland.

''(B) Mitigation of damage to fish, wildlife, or natural resources.

''(C) Planning assistance and the administrative costs of complying with this section.

''(D) Implementation of a federally-approved marine, coastal, or comprehensive conservation management plan.

''(E) Mitigation of the impact of outer Continental Shelf activities through funding of onshore infrastructure, education, health care, and public service needs.

''(2) FISCAL YEAR 2011 AND THEREAFTER.—A producing State or coastal political subdivision shall use at least 25 percent of any amount transferred under subsection (b)(1)(B) that is distributed to the producing State or coastal political subdivision, including any amount deposited in a trust fund that is administered by the State or coastal political subdivision and dedicated to a use consistent with this section, for 1 or more of the purposes described in paragraph (1).

''(3) COMPLIANCE WITH AUTHORIZED USES.—If the Secretary determines that any expenditure made by a producing State or coastal political subdivision is not consistent with this subsection, the Secretary shall not disburse any additional amount under this section to the producing State or the coastal political subdivision until all amounts obligated for unauthorized uses have been repaid or reobligated for authorized uses.''.

(b) ESTABLISHMENT OF SEAWARD LATERAL BOUNDARIES FOR COASTAL STATES.—Section 4(a)(2)(A) of the Outer Continental Shelf Lands Act (43 U.S.C. 1333(a)(2)(A)) is amended—

(1) by inserting ''(i)'' after ''(A)'';

(2) in the first sentence—

(A) by striking ''President shall'' and inserting ''Secretary shall by regulation''; and

(B) by inserting before the period at the end the following: ''not later than 180 days after the date of enactment of the Stewardship for Our Coasts and Opportunities for Reliable Energy Act''; and

(3) by adding at the end the following:

''(i)(I) For purposes of this Act (including determining boundaries to authorize leasing and preleasing activities and any attributing revenues under this Act and calculating payments to producing States and coastal political subdivisions under section 32), the Secretary shall delineate the lateral boundaries between coastal States in areas of the outer Continental shelf under exclusive Federal jurisdiction, to the extent of the exclusive economic zone of the United States, in accordance with article 15 of the United Nations Convention on the Law of the Sea of December 10, 1982.

''(II) This clause shall not affect any right or title to Federal submerged land on the outer Continental Shelf.''.

(c) OPTION TO PETITION FOR LEASING WITHIN CERTAIN AREAS ON THE OUTER CONTINENTAL SHELF.—Section 12 of the Outer Continental Shelf Lands Act (43 U.S.C. 1341) is amended by adding at the end the following:

''(g) LEASING WITHIN THE SEAWARD LATERAL BOUNDARIES OF COASTAL STATES.—

''(1) DEFINITION OF AFFECTED AREA.—In this subsection, the term 'affected area' means any area located—

''(A) in the areas of northern, central, and southern California and the areas of Oregon and Washington;

''(B) in the north, middle, or south planning area of the Atlantic Ocean;

''(C) in the eastern Gulf of Mexico planning area and lying—

''(i) south of 26 degrees north latitude; and

''(ii) east of 86 degrees west longitude; or

''(D) in the Straits of Florida.

''(2) RESTRICTIONS ON LEASING.—The Secretary shall not offer for offshore leasing, preleasing, or any related activity—

''(A) any area located on the outer Continental Shelf that, as of the date of enactment of this subsection, is designated as a marine sanctuary under the Marine Protection, Research, and Sanctuaries Act of 1972 (33 U.S.C. 1401 et seq.); or

''(B) except as provided in paragraphs (3) and (4), during the period beginning on the date of enactment of this subsection and ending on June 30, 2012, any affected area.

''(3) RESOURCE ASSESSMENTS.—

''(A) IN GENERAL.—Beginning on the date on which the Secretary delineates seaward lateral boundaries under section 4(a)(2)(A)(ii), a Governor of a State in which an affected area is located, with the consent of the legislature of the State, may submit to the Secretary a petition requesting a resource assessment of any area within the seaward lateral boundary of the State.

''(B) ELIGIBLE RESOURCES.—A petition for a resource assessment under subparagraph (A) may be for—

''(i) oil and gas leasing;

''(ii) gas-only leasing; or

''(iii) any other energy source leasing, including renewable energy leasing.

''(C) ACTION BY SECRETARY.—Not later than 90 days after receipt of a petition under subparagraph (A), the Secretary shall approve the petition, unless the Secretary determines that a resource assessment of the area would create an unreasonable risk of harm to the marine, human, or coastal environment of the State.

''(D) FAILURE TO ACT.—If the Secretary fails to approve or deny a petition in accordance with subparagraph (C)—

''(i) the petition shall be considered to be approved; and

''(ii) a resource assessment of any appropriate area shall be carried out as soon as practicable.

''(E) SUBMISSION TO STATE.—As soon as practicable after the date on which a petition is approved under subparagraph (C) or (D), the Secretary shall—

''(i) complete the resource assessment for the area; and

''(ii) submit the completed resource assessment to the State.

''(4) PETITION FOR LEASING.—

''(A) IN GENERAL.—On receipt of a resource assessment under paragraph (3)(E)(ii), the Governor of a State in which an affected area is located, with the consent of the legislature of the State, may submit to the Secretary a petition requesting that the Secretary make available any land that is within the seaward lateral boundaries of the State (as established under section 4(a)(2)(A)(ii)) and that is greater than 20 miles from the coastline of the State for the conduct of offshore leasing, pre-leasing, or related activities with respect to—

''(i) oil and gas leasing;

''(ii) gas-only leasing; or

''(iii) any other energy source leasing, including renewable energy leasing.

''(B) ACTION BY SECRETARY.—Not later than 90 days after receipt of a petition under subparagraph (A), the Secretary shall approve the petition, unless the Secretary determines that leasing the area would create an unreasonable risk of harm to the marine, human, or coastal environment of the State.

''(C) FAILURE TO ACT.—If the Secretary fails to approve or deny a petition in accordance with subparagraph (B)—

''(i) the petition shall be considered to be approved; and

''(ii) any appropriate area shall be made available for oil and gas leasing, gas-only leasing, or any other energy source leasing, including renewable energy leasing.

''(5) REVENUE SHARING.—

''(A) IN GENERAL.—Beginning on the date on which production begins in an area under this subsection, the State shall, without further appropriation, share in any qualified outer Continental Shelf revenues of the production under section 32.

''(B) APPLICABLE LAW.—

''(i) IN GENERAL.—Except as provided in clause (ii), a State shall not be required to comply with subsections (c) and (d) of section 32 to share in qualified outer Continental Shelf revenues under subparagraph (A).

''(ii) EXCEPTION.—Of any qualified outer Continental Shelf revenues received by a State (including a political subdivision of a State) under subparagraph (A), at least 25 percent shall be used for 1 or more of the purposes described in section 32(d)(1).

''(6) EFFECT.—Nothing in this subsection affects any right relating to an area described in paragraph (1) or (2) under a lease that was in existence on the day before the date of enactment of this subsection.''.

(d) ALTERNATE ENERGY-RELATED USES ON THE OUTER CONTINENTAL SHELF.—

(1) AMENDMENT TO OUTER CONTINENTAL SHELF LANDS ACT.—Section 8 of the Outer Continental Shelf Lands Act (43 U.S.C. 1337) is amended by adding at the end the following:

''(p) LEASES, EASEMENTS, OR RIGHTS-OF-WAY FOR ENERGY AND RELATED PURPOSES.—

''(1) IN GENERAL.—The Secretary, in consultation with the Secretary of the Department in which the Coast Guard is operating and other relevant departments and agencies of the Federal Government, may grant a lease, easement, or right-of-way on the outer Continental Shelf for activities not otherwise authorized under this Act, the Deepwater Port Act of 1974 (33 U.S.C. 1501 et seq.), the Ocean Thermal Energy Conversion Act of 1980 (42 U.S.C. 9101 et seq.), or other applicable law, if those activities—

''(A) support exploration, development, production, transportation, or storage of oil, natural gas, or other minerals;

''(B) produce or support production, transportation, or transmission of energy from sources other than oil and gas; or

''(C) use, for energy-related or marine-related purposes, facilities in use on or before the date of enactment of this subsection for activities authorized under this Act.

''(2) PAYMENTS.—

''(A) IN GENERAL.—The Secretary shall establish, by rule or agreement with the party to which the easement or right-of-way is granted under this subsection, reasonable forms of payment for the easement or right-of-way, including a fee, rental, bonus, or other payment.

''(B) ASSESSMENT.—A payment under subparagraph (A) shall not be assessed on the basis of throughput or production.

''(C) PAYMENTS TO STATES.—If a lease, easement, right-of-way, license, or permit under this subsection covers a specific tract of, or regards a facility located on, the outer Continental Shelf and is not an easement or right-of-way for transmission or transportation of energy, minerals, or other natural resources, the Secretary shall pay 50 percent of any amount received from the holder of the lease, easement, right-of-way, license, or permit to the State off the shore of which the geographic center of the area covered by the lease, easement, right-of-way, license, permit, or facility is located.

''(3) CONSULTATION.—Before exercising authority under this subsection, the Secretary shall consult with the Secretary of Defense and other appropriate agencies concerning issues related to national security and navigational obstruction.

''(4) COMPETITIVE OR NONCOMPETITIVE BASIS.—

''(A) IN GENERAL.—The Secretary may issue a lease, easement, or right-of-way under paragraph (1) on a competitive or noncompetitive basis.

''(B) CONSIDERATIONS.—In determining whether a lease, easement, or right-of-way shall be granted competitively or noncompetitively, the Secretary shall consider such factors as—

''(i) prevention of waste and conservation of natural resources;

''(ii) the economic viability of an energy project;

''(iii) protection of the environment;

''(iv) the national interest and national security;

''(v) human safety;

''(vi) protection of correlative rights; and

''(vii) potential return for the lease, easement, or right-of-way.

''(5) REGULATIONS.—Not later than 270 days after the date of enactment of this subsection, the Secretary, in consultation with the Secretary of the Department in which the Coast Guard is operating and other relevant agencies of the Federal Government and affected States, shall issue any necessary regulations to ensure—

''(A) safety;

''(B) protection of the environment;

''(C) prevention of waste;

''(D) conservation of the natural resources of the outer Continental Shelf;

''(E) protection of national security interests; and

''(F) protection of correlative rights in the outer Continental Shelf.

''(6) SECURITY.—The Secretary shall require the holder of a lease, easement, or right-of-way granted under this subsection—

''(A) to furnish a surety bond or other form of security, as prescribed by the Secretary; and

''(B) to comply with such other requirements as the Secretary considers necessary to protect the interests of the United States.

''(7) EFFECT OF SUBSECTION.—Nothing in this subsection displaces, supersedes, limits,

or modifies the jurisdiction, responsibility, or authority of any Federal or State agency under any other Federal law.

''(8) APPLICABILITY.—This subsection does not apply to any area on the outer Continental Shelf designated as a National Marine Sanctuary.''.

(2) CONFORMING AMENDMENT.—Section 8 of the Outer Continental Shelf Lands Act (43 U.S.C. 1337) is amended by striking the section heading and inserting the following: ''**LEASES, EASEMENTS, AND RIGHTS-OF-WAY ON THE OUTER CONTINENTAL SHELF.**—''.

(3) SAVINGS PROVISION.—Nothing in the amendment made by paragraph (1) requires any resubmittal of documents previously submitted or any reauthorization of actions previously authorized, with respect to any project—

(A) for which offshore test facilities have been constructed before the date of enactment of this Act; or

(B) for which a request for proposals has been issued by a public authority.

(e) REGULATIONS.—

(1) IN GENERAL.—The Secretary of the Interior shall issue such regulations as are necessary to carry out this section and the amendments made by this section, including regulations establishing procedures for entering into gas-only leases.

(2) GAS-ONLY LEASES.—In issuing regulations establishing procedures for entering into gas-only leases, the Secretary shall—

(A) ensure that gas-only leases under the Outer Continental Shelf Lands Act (43 U.S.C. 1331 et seq.) are not available in a State that (as of the day before the date of enactment of this Act) did not contain an affected area (as defined in section 9(a) of that Act (as amended by subsection (d)(1)); and

(B) define ''natural gas'' as—

(i) unmixed natural gas; or

(ii) any mixture of natural or artificial gas (including compressed or liquefied petroleum gas) and condensate recovered from natural gas.

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**SA 861.** Mr. DODD submitted an amendment intended to be proposed by him to the bill H.R. 6, to ensure jobs for our future with secure, affordable, and reliable energy; as follows:

On page 755, after line 25, add the following:

**SEC. 13___. EFFECT OF ELECTRICAL CONTAMINANTS ON RELIABILITY OF ENERGY PRODUCTION SYSTEMS.**

Not later than 180 days after the date of enactment of this Act, the Secretary shall enter into a contract with the National Academy of Sciences under which the National Academy of Sciences shall determine the effect that electrical contaminants (such as tin whiskers) may have on the reliability of energy production systems, including nuclear energy.

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**SA 862.** Mr. LAUTENBERG submitted an amendment intended to be proposed by him to the bill H.R. 6, to ensure jobs for our future with secure, affordable, and reliable energy; which was ordered to lie on the table; as follows:

At the end of the bill, add the following:

**TITLE XV—ANTI-COMPETITIVE PRACTICES**

**SEC. 1501. SHORT TITLE.**

This title may be cited as the ''OPEC Accountability Act''.

**SEC. 1502. FINDINGS.**

Congress makes the following findings:

(1) Gasoline prices have nearly doubled since January, 2002, with oil recently trading at more than $58 per barrel for the first time ever.

(2) Rising gasoline prices have placed an inordinate burden on American families.

(3) High gasoline prices have hindered and will continue to hinder economic recovery.

(4) The Organization of Petroleum Exporting Countries (OPEC) has formed a cartel and engaged in anti-competitive practices to manipulate the price of oil, keeping it artificially high.

(5) Six member nations of OPEC—Indonesia, Kuwait, Nigeria, Qatar, the United Arab Emirates and Venezuela—are also members of the World Trade Organization.

(6) The agreement among OPEC member nations to limit oil exports is an illegal prohibition or restriction on the exportation or sale for export of a product under Article XI of the GATT 1994.

(7) The export quotas and resulting high prices harm American families, undermine the American economy, impede American and foreign commerce, and are contrary to the national interests of the United States.

**SEC. 1503. ACTIONS TO CURB CERTAIN CARTEL ANTI-COMPETITIVE PRACTICES.**

(a) DEFINITIONS.—In this title:

(1) GATT 1994.—The term ''GATT 1994'' has the meaning given such term in section 2(1)(B) of the Uruguay Round Agreements Act (19 U.S.C. 3501(1)(B)).

(2) UNDERSTANDING ON RULES AND PROCEDURES GOVERNING THE SETTLEMENT OF DISPUTES.—The term ''Understanding on Rules and Procedures Governing the Settlement of Disputes'' means the agreement described in section 101(d)(16) of the Uruguay Round Agreements Act (19 U.S.C. 3511(d)(16)).

(3) WORLD TRADE ORGANIZATION.—

(A) IN GENERAL.—The term ''World Trade Organization'' means the organization established pursuant to the WTO Agreement.

(B) WTO AGREEMENT.—The term ''WTO Agreement'' means the Agreement Establishing The World Trade Organization entered into on April 15, 1994.

(b) ACTION BY PRESIDENT.—

(1) IN GENERAL.—Notwithstanding any other provision of law, the President shall, not later than 15 days after the date of enactment of this Act, initiate consultations with the countries described in paragraph (2) to seek the elimination by those countries of any action that—

(A) limits the production or distribution of oil, natural gas, or any other petroleum product,

(B) sets or maintains the price of oil, natural gas, or any petroleum product, or

(C) otherwise is an action in restraint of trade with respect to oil, natural gas, or any petroleum product, when such action constitutes an act, policy, or practice that is unjustifiable and burdens and restricts United States commerce.

(2) COUNTRIES DESCRIBED.—The countries described in this paragraph are the following:

(A) Indonesia.

(B) Kuwait.

(C) Nigeria.

(D) Qatar.

(E) The United Arab Emirates.

(F) Venezuela.

(c) INITIATION OF WTO DISPUTE PROCEEDINGS.—If the consultations described in subsection (b) are not successful with respect to any country described in subsection (b)(2), not later than 60 days after the date of enactment of this Act, the United States Trade Representative shall, unless the President submits a certification and report described in subsection (d), institute proceedings pursuant to the Understanding on Rules and Procedures Governing the Settlement of Disputes with respect to that country and shall take appropriate action with respect to that country under the trade remedy laws of the United States.

(d) CERTIFICATION DESCRIBED.—

(1) IN GENERAL.—The certification described in this subsection means a certification submitted by the President to Congress not later than 30 days after the date of enactment of this Act, stating that instituting proceedings described in subsection (c) would—

(A) harm the national security interest of the United States; or

(B) harm the economic interests of the United States.

(2) REPORT.—A certification submitted under this subsection shall be accompanied by a report that includes an explanation regarding how and why taking the action described in subsection (c) with respect to a country described subsection (b)(2) would not be in the national security interest or economic interest of the United States. The report may be provided on a classified basis if disclosure would threaten the national security of the United States.

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**SA 863.** Mr. LAUTENBERG (for himself, Mr. DURBIN, Mr. DORGAN, and Mr. LEVIN) submitted an amendment intended to be proposed by him to the bill H.R. 6, to ensure jobs for our future with secure, affordable, and reliable energy; which was ordered to lie on the table; as follows:

At the end, add the following:

**TITLE ____—ANTI-COMPETITIVE PRACTICES**

**SEC. ___. SHORT TITLE.**

This title may be cited as the ''OPEC Accountability Act''.

**SEC. 1502. FINDINGS.**

Congress makes the following findings:

(1) Gasoline prices have nearly doubled since January, 2002, with oil recently trading at more than $58 per barrel for the first time ever.

(2) Rising gasoline prices have placed an inordinate burden on American families.

(3) High gasoline prices have hindered and will continue to hinder economic recovery.

(4) The Organization of Petroleum Exporting Countries (OPEC) has formed a cartel and engaged in anti-competitive practices to manipulate the price of oil, keeping it artificially high.

(5) Six member nations of OPEC—Indonesia, Kuwait, Nigeria, Qatar, the United Arab Emirates and Venezuela—are also members of the World Trade Organization.

(6) The agreement among OPEC member nations to limit oil exports is an illegal prohibition or restriction on the exportation or sale for export of a product under Article XI of the GATT 1994.

(7) The export quotas and resulting high prices harm American families, undermine the American economy, impede American and foreign commerce, and are contrary to the national interests of the United States.

**SEC. 1503. ACTIONS TO CURB CERTAIN CARTEL ANTI-COMPETITIVE PRACTICES.**

(a) DEFINITIONS.—In this title:

(1) GATT 1994.—The term ''GATT 1994'' has the meaning given such term in section 2(1)(B) of the Uruguay Round Agreements Act (19 U.S.C. 3501(1)(B)).

(2) UNDERSTANDING ON RULES AND PROCEDURES GOVERNING THE SETTLEMENT OF DISPUTES.—The term ''Understanding on Rules and Procedures Governing the Settlement of Disputes'' means the agreement described in section 101(d)(16) of the Uruguay Round Agreements Act (19 U.S.C. 3511(d)(16)).

(3) WORLD TRADE ORGANIZATION.—

(A) IN GENERAL.—The term ''World Trade Organization'' means the organization established pursuant to the WTO Agreement.

(B) WTO AGREEMENT.—The term ''WTO Agreement'' means the Agreement Establishing The World Trade Organization entered into on April 15, 1994.

(b) ACTION BY PRESIDENT.—

(1) IN GENERAL.—Notwithstanding any other provision of law, the President shall, not later than 15 days after the date of enactment of this Act, initiate consultations with the countries described in paragraph (2) to seek the elimination by those countries of any action that—

(A) limits the production or distribution of oil, natural gas, or any other petroleum product,

(B) sets or maintains the price of oil, natural gas, or any petroleum product, or

(C) otherwise is an action in restraint of trade with respect to oil, natural gas, or any petroleum product, when such action constitutes an act, policy, or practice that is unjustifiable and burdens and restricts United States commerce.

(2) COUNTRIES DESCRIBED.—The countries described in this paragraph are the following:

(A) Indonesia.

(B) Kuwait.

(C) Nigeria.

(D) Qatar.

(E) The United Arab Emirates.

(F) Venezuela.

(c) INITIATION OF WTO DISPUTE PROCEEDINGS.—If the consultations described in subsection (b) are not successful with respect to any country described in subsection (b)(2), the United States Trade Representative shall, not later than 60 days after the date of enactment of this Act, institute proceedings pursuant to the Understanding on Rules and Procedures Governing the Settlement of Disputes with respect to that country and shall take appropriate action with respect to that country under the trade remedy laws of the United States.

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**SA 864.** Mr. LEVIN (for himself, Ms. COLLINS, Mr. WYDEN, and Mr. SCHUMER) submitted an amendment intended to be proposed by him to the bill H.R. 6, to ensure jobs for our future with secure, affordable, and reliable energy; as follows:

On page 208, line 12, strike ''The Secretary shall'' and insert the following:

(1) IN GENERAL.—The Secretary shall

On page 208, between lines 20 and 21, insert the following:

(2) PROCEDURES.—

(A) IN GENERAL.—The Secretary shall develop, with an opportunity for public comment, procedures to obtain oil for the Reserve with the intent of maximizing the overall domestic supply of crude oil (including quantities stored in private sector inventories) and minimizing the costs to the Department of the Interior and the Department of Energy of acquiring such oil (including foregone revenues to the Treasury when oil for the Reserve is obtained through the royalty-in-kind program), consistent with national security.

(B) CONSIDERATIONS.—The procedures shall provide that, for purposes of determining whether to acquire oil for the Reserve or defer deliveries of oil, the Secretary shall take into account—

(i) current and future prices, supplies, and inventories of oil;

(ii) national security; and

(iii) other factors that the Secretary determines to be appropriate.

(C) REVIEW OF REQUESTS FOR DEFERRALS OF SCHEDULED DELIVERIES.—The procedures shall include procedures and criteria for the review of requests for the deferrals of scheduled deliveries.

(D) DEADLINES.—The Secretary shall—

(i) propose the procedures required under this paragraph not later than 120 days after the date of enactment of this Act;

(ii) promulgate the procedures not later than 180 days after the date of enactment of this Act; and

(iii) comply with the procedures in acquiring oil for Reserve effective beginning on the date that is 180 days after the date of enactment of this Act.

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**SA 865.** Mr. FEINGOLD (for himself and Mr. BROWNBACK) submitted an amendment intended to be proposed by him to the bill H.R. 6, to ensure jobs for our future with secure, affordable, and reliable energy; which was ordered to lie on the table; as follows:

On page 706, between lines 20 and 21, insert the following:

**SEC. 1278. CONSUMER PROTECTION, FAIR COMPETITION, AND FINANCIAL INTEGRITY.**

Section 204 of the Federal Power Act (16 U.S.C. 824c) is amended by adding at the end the following:

''(i)(1) In this subsection, the terms 'affiliate', 'associate company', and 'public-utility company' have the meanings given those terms in section 1272 of the Energy Policy Act of 2005.

''(2)(A) Not later than 1 year after the date of enactment of this subsection, the Commission shall issue regulations to regulate transactions between public-utility companies and affiliates and associate companies of the public-utility companies.

''(B) At a minimum, the regulations under subparagraph (A) shall require, with respect to a transaction between a public-utility company and an affiliate or associate company of the public-utility company, that—

''(i) any business activity other than public-utility company business shall be conducted through 1 or more affiliates or associate companies, which shall be independent, separate, and distinct entities from the public-utility company;

''(ii) the affiliate or associate company shall—

''(I) maintain separate books, accounts, memoranda, and other records; and

''(II) prepare separate financial statements;

''(iii)(I) the public-utility company shall conduct the transaction in a manner that is consistent with the transactions among nonaffiliated and nonassociated companies; and

''(II) the public-utility company shall not use its status as a monopoly franchise to confer on its affiliate, or associate company, any unfair competitive advantage;

''(iv) the public-utility company shall not declare or pay any dividend on any security of the public-utility company in contravention of such regulations as the Commission considers appropriate to protect the financial integrity of the public-utility company;

''(v) the public-utility company shall have at least 1 independent director on its board of directors;

''(vi) the affiliate or associate company shall not structure its governance nor shall it acquire any loan, loan guarantee, or other indebtedness in a manner that would permit creditors to have recourse against the tangible or intangible assets of the public-utility company;

''(vii) the public-utility company shall not—

''(I) commingle any tangible or intangible assets or liabilities of the public-utility company with any assets or liabilities of an affiliate, or associate company, of the public-utility company; or

''(II) pledge or encumber any assets of the public-utility company on behalf of an affiliate, or associate company, of the public-utility company;

''(viii)(I) the public-utility company shall not cross-subsidize or shift costs from an affiliate, or associate company, of the public-utility company to the public-utility company; and

''(II) the public-utility company shall disclose and fully value, at the market value or other value specified by the Commission, any tangible or intangible assets or services by the public-utility company that, directly or indirectly, are transferred to, or otherwise provided for the benefit of, an affiliate, or associate company of the public-utility company; and

''(ix) electricity and natural gas consumers and investors—

''(I) shall be protected against the financial risks of public-utility company diversification and transactions with and among affiliates and associate companies of public-utility companies; and

''(II) shall not be subject to rates or charges that are not reasonably related to the provision of electricity or natural gas service.

''(3) This subsection does not preclude or deny the right of any State or political subdivision of a State to adopt and enforce standards for the corporate and financial separation of public-utility companies that are more stringent than those provided under the regulations issued under paragraph (2).

''(4) It shall be unlawful for a public-utility company to enter into or take any action in the performance of any transaction with any affiliate, or associate company, of a public-utility company in violation of the regulations issued under paragraph (2).''.

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**SA 866.** Mr. BINGAMAN (for himself, Mr. SPECTER, Mr. DOMENICI, Mr. ALEXANDER, Ms. CANTWELL, Mr. LIEBERMAN, Mr. LAUTENBERG, Mr. MCCAIN, Mr. JEFFORDS, Mr. KERRY, Ms. SNOWE, Ms. COLLINS, and Mrs. BOXER) submitted an amendment intended to be proposed by him to the bill H.R. 6, to ensure jobs for our future with secure, affordable, and reliable energy; which was ordered to lie on the table; as follows:

At the end of title XVI, add the following:

**SEC. 16___. SENSE OF THE SENATE ON CLIMATE CHANGE.**

(a) FINDINGS.—Congress finds that—

(1) greenhouse gases accumulating in the atmosphere are causing average temperatures to rise at a rate outside the range of natural variability and are posing a substantial risk of rising sea-levels, altered patterns of atmospheric and oceanic circulation, and increased frequency and severity of floods and droughts;

(2) there is a growing scientific consensus that human activity is a substantial cause of greenhouse gas accumulation in the atmosphere; and

(3) mandatory steps will be required to slow or stop the growth of greenhouse gas emissions into the atmosphere.

(b) SENSE OF THE SENATE.—It is the sense of the Senate that, before the end of the first session of the 109th Congress, Congress should enact a comprehensive and effective national program of mandatory, market-based limits on emissions of greenhouse gases that slow, stop, and reverse the growth of such emissions at a rate and in a manner that—

(1) will not significantly harm the United States economy; and

(2) will encourage comparable action by other nations that are major trading partners and key contributors to global emissions.

**SA 867.** Mr. BINGAMAN submitted an amendment intended to be proposed by him to the bill H.R. 6, to ensure jobs for our future with secure, affordable, and reliable energy; which was ordered to lie on the table; as follows:

On page 437, after line 22, add the following:

**SEC. 7___. IMPACTS OF USE OF SPECIAL FUEL FORMULATIONS.**

In determining whether to approve an application by a State for the use of a new gasoline blend or other fuel formulation under the Clean Air Act (42 U.S.C. 7401 et seq.), the Administrator of the Environmental Protection Agency, in consultation with the Secretary, shall take into consideration impacts that the use of the blend or formulation would have on the supply, demand, and pricing of gasoline and other fuels.

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**SA 868.** Mr. BINGAMAN submitted an amendment intended to be proposed by him to the bill H.R. 6, to ensure jobs for our future with secure, affordable, and reliable energy; which was ordered to lie on the table; as follows:

At the end of the bill, add the following:

**TITLE XV—ACTIONS TO ADDRESS GLOBAL CLIMATE**

**SEC. 1501. SHORT TITLE.**

This title may be cited as the ''Climate and Economy Insurance Act of 2005''.

**Subtitle A—Domestic Programs**

**SEC. 1511. PURPOSE.**

The purpose of this subtitle is to reduce greenhouse gas emissions intensity in the United States, beginning in calendar year 2010, through an emissions trading system designed to achieve emissions reductions at the lowest practicable cost to the United States.

**SEC. 1512. DEFINITIONS.**

In this subtitle:

(1) CARBON DIOXIDE EQUIVALENT.—The term ''carbon dioxide equivalent'' means—

(A) for each covered fuel, the quantity of carbon dioxide that would be emitted into the atmosphere as a result of complete combustion of a certain quantity of the covered fuel, to be determined for the type of covered fuel by the Secretary; and

(B) for each greenhouse gas (other than carbon dioxide) the quantity of carbon dioxide that would have an effect on global warming equal to the effect of a certain quantity of the greenhouse gas, as determined by the Secretary, taking into consideration global warming potentials.

(2) COVERED FUEL.—The term ''covered fuel'' means—

(A) coal;

(B) petroleum products;

(C) natural gas;

(D) natural gas liquids; and

(E) any other fuel derived from fossil hydrocarbons (including bitumen and kerogen).

(3) COVERED GREENHOUSE GAS EMISSIONS.—

(A) IN GENERAL.—The term ''covered greenhouse gas emissions'' means—

(i) the carbon dioxide emissions from combustion of covered fuel carried out in the United States; and

(ii) nonfuel-related greenhouse gas emissions in the United States, determined in accordance with section 1515(b)(2).

(B) UNITS.—Quantities of covered greenhouse gas emissions shall be measured and expressed in units of metric tons of carbon dioxide equivalent.

(4) EMISSIONS INTENSITY.—The term ''emissions intensity'' means, for any calendar year, the quotient obtained by dividing—

(A) covered greenhouse gas emissions; by

(B) the forecasted GDP for that calendar year.

(5) FORECASTED GDP.—The term ''forecasted GDP'' means the predicted amount of the gross domestic product of the United States, based on the most current projection used by the Energy Information Administration of the Department of Energy on the date on which the prediction is made.

(6) GREENHOUSE GAS.—The term ''greenhouse gas'' means—

(A) carbon dioxide;

(B) methane;

(C) nitrous oxide;

(D) hydrofluorocarbons;

(E) perfluorocarbons; and

(F) sulfur hexafluoride.

(7) INITIAL ALLOCATION PERIOD.—The term ''initial allocation period'' means the period beginning January 1, 2010, and ending December 31, 2019.

(8) NONFUEL REGULATED ENTITY.—The term ''nonfuel regulated entity'' means—

(A) the owner or operator of a facility that manufactures hydrofluorocarbons, perfluorocarbons, sulfur hexafluoride, or nitrous oxide;

(B) an importer of hydrofluorocarbons, perfluorocarbons, sulfur hexafluoride, or nitrous oxide;

(C) the owner or operator of a facility that emits nitrous oxide associated with the manufacture of adipic acid or nitric acid;

(D) the owner or operator of a facility that produces cement or lime;

(E) the owner or operator of an aluminum smelter;

(F) the owner or operator of an underground coal mine that emitted more than 35,000,000 cubic feet of methane during 2004 or any subsequent calendar year; and

(G) the owner or operator of facility that emits hydrofluorocarbon-23 as a byproduct of hydrochlorofluorocarbon-22 production.

(9) OFFSET PROJECT.—The term ''offset project'' means any project to reduce or sequester, during the initial allocation period, any greenhouse gas emission that is not a covered greenhouse gas emission.

(10) PETROLEUM PRODUCT.—The term ''petroleum product'' means—

(A) a refined petroleum product;

(B) residual fuel oil;

(C) petroleum coke; or

(D) a liquefied petroleum gas.

(11) REGULATED ENTITY.—The term ''regulated entity'' means—

(A) a regulated fuel distributor; or

(B) a nonfuel regulated entity.

(12) REGULATED FUEL DISTRIBUTOR.—The term ''regulated fuel distributor'' means—

(A) the owner or operator of—

(i) a natural gas pipeline;

(ii) a petroleum refinery;

(iii) a coal mine that produces more than 10,000 short tons during 2004 or any subsequent calendar year; or

(iv) a natural gas processing plant;

(B) an importer of—

(i) petroleum products;

(ii) coal;

(iii) coke; or

(iv) natural gas liquids; or

(C) any other entity the Secretary determines under section 1515(b)(3)(A)(ii) to be subject to section 1515.

(13) SAFETY VALVE PRICE.—The term ''safety valve price'' means—

(A) for 2010, $7 per metric ton of carbon dioxide equivalent; and

(B) for each subsequent calendar year, the safety valve price established for the preceding calendar year increased by 5 percent, unless a different rate of increase is established for the calendar year under section 1521.

(14) SECRETARY.—The term ''Secretary'' means the Secretary of Energy, unless the President designates another officer of the Executive Branch to carry out a function under this subtitle.

(15) SUBSEQUENT ALLOCATION PERIOD.—The term ''subsequent allocation period'' means—

(A) the 5-year period beginning January 1, 2020, and ending December 31, 2024; and

(B) each subsequent 5-year period.

**SEC. 1513. QUANTITY OF ANNUAL GREENHOUSE GAS ALLOWANCES.**

(a) INITIAL ALLOCATION PERIOD.—

(1) IN GENERAL.—Not later than December 31, 2006, the Secretary shall—

(A) make a projection with respect to emissions intensity for 2009, using—

(i) the Energy Information Administration's most current projections of covered greenhouse gas emissions for 2009; and

(ii) the forecasted GDP for 2009;

(B) determine the emissions intensity target for 2010 by calculating a 2.4 percent reduction from the projected emissions intensity for 2009;

(C) in accordance with paragraph (2), determine the emissions intensity target for each calendar year of the initial allocation period after 2010; and

(D) in accordance with paragraph (3), issue the total number of allowances for each calendar year during the initial allocation period.

(2) EMISSIONS INTENSITY TARGETS AFTER 2010.—For each calendar year during the initial allocation period after 2010, the emissions intensity target shall be the emissions intensity target established for the preceding calendar year reduced by 2.4 percent.

(3) TOTAL ALLOWANCES.—For each calendar year during the initial allocation period, the quantity of allowances to be issued shall be equal to the product obtained by multiplying—

(A) the emissions intensity target established for the calendar year; and

(B) the forecasted GDP for the calendar year.

(b) SUBSEQUENT ALLOCATION PERIODS.—

(1) IN GENERAL.—Not later than the date that is 4 years before the beginning of each subsequent allocation period, the Secretary shall—

(A) except as directed under section 1521, determine the emissions intensity target for each calendar year during that subsequent allocation period, in accordance with paragraph (2); and

(B) issue the total number of allowances for each calendar year of the subsequent allocation period, in accordance with paragraph (3).

(2) EMISSIONS INTENSITY TARGETS.—For each calendar year during a subsequent allocation period, the emissions intensity target shall be the emissions intensity target established for the preceding calendar year reduced by 2.8 percent.

(3) TOTAL ALLOWANCES.—For each calendar year during a subsequent allocation period, the quantity of allowances to be issued shall be equal to the product obtained by multiplying—

(A) the emissions intensity target established for the calendar year; and

(B) the forecasted GDP for the calendar year.

(c) ADMINISTRATIVE REQUIREMENTS.—

(1) DENOMINATION.—Allowances issued by the Secretary under this section shall be denominated in units of metric tons of carbon dioxide equivalent.

(2) PERIOD OF USE.—An allowance issued by the Secretary under this section may be used during—

(A) the calendar year for which the allowance is issued; or

(B) any subsequent calendar year.

(3) SERIAL NUMBERS.—The Secretary shall—

(A) assign a unique serial number to each allowance issued under this subtitle; and

(B) retire the serial number of an allowance on the date on which the allowance is submitted under section 1515.

(4) NATURE OF ALLOWANCES.—An allowance shall not be considered to be a property right.

**SEC. 1514. ALLOCATION AND AUCTION OF GREENHOUSE GAS ALLOWANCES.**

(a) ALLOCATION OF ALLOWANCES.—

(1) IN GENERAL.—Not later than the date that is 3 years before the beginning of the initial allocation period, and each subsequent allocation period, the Secretary shall allocate for each calendar year during the allocation period a quantity of allowances in accordance with this subsection.

(2) QUANTITY.—The total quantity of allowances available to be allocated for each calendar year of an allocation period shall be the product obtained by multiplying—

(A) the total quantity of allowances issued for the calendar year under subsection (a)(3) or (b)(3) of section 1513; and

(B) the allocation percentage for the calendar year under subsection (c).

(3) ALLOWANCE ALLOCATION RULEMAKING.—

(A) IN GENERAL.—The Secretary shall establish, by rule, and submit to Congress procedures for allocating allowances to regulated entities and affected nonregulated entities for the initial allocation period.

(B) EFFECTIVE DATE.—A rule under subparagraph (A) shall take effect, unless disapproved under the congressional review procedures under section 1521(d), not later than 180 days after the date on which the rule is submitted to Congress.

(C) REQUIREMENTS.—

(i) INITIAL ALLOCATION PERIOD.—The Secretary shall promulgate rules under subparagraph (A) for the initial allocation period not later than 18 months after the date of enactment of this Act.

(ii) SUBSEQUENT ALLOCATION PERIODS.—The Secretary shall promulgate rules under subparagraph (A) for each subsequent allocation period not later than ____ months before the beginning of the period.

(4) DISTRIBUTION TO REGULATED AND NONREGULATED ENTITIES.—The procedures established under paragraph (3) shall—

(A) provide for the allocation of allowances to regulated entities and affected nonregulated entities within each fossil-fuel sector (petroleum, natural gas, natural gas liquids, and coal) and to the sector consisting of nonfuel regulated entities based on the share of each sector of covered greenhouse gas emissions for the most recent year for which data are available;

(B) prescribe criteria for the allocation of allowances to regulated entities within each sector and nonregulated affected entities using products produced in each sector based on the following factors:

(i) Historical or updated greenhouse gas emissions.

(ii) Mitigation of significant and disproportionate burdens.

(iii) Avoiding windfalls.

(iv) Administrative simplicity.

(v) Mitigating barriers to entry; and

(C) prescribe requirements for reporting by regulated entities and affected nonregulated entities of information necessary for allocation of allowances, including the forms and schedules for submission of reports.

(5) DEFINITION OF AFFECTED NONREGULATED ENTITY.—For purposes of this subsection, the term ''affected nonregulated entity'' means any entity, other than a regulated entity, that the Secretary determines is likely to sustain a significant and disproportionate economic burden by reason of the implementation of this title.

(6) DISTRIBUTION OF ALLOWANCES TO ORGANIZATIONS ASSISTING WORKERS.—The Secretary shall distribute 1 percent of the allowances available for allocation under this section in any calendar year to organizations (including recognized representatives of workers affected by programs under this subtitle) that provide retraining, educational support, or other assistance to workers affected by programs under this subtitle.

(7) COST OF ALLOWANCES.—The Secretary shall distribute allowances under this subsection at no cost to the recipient of the allowance.

(b) AUCTION OF ALLOWANCES.—

(1) IN GENERAL.—The Secretary shall establish, by rule, a procedure for the auction of a quantity of allowances during each calendar year in accordance with paragraph (2).

(2) BASE QUANTITY.—The base quantity of allowances to be auctioned during a calendar year shall be the product obtained by multiplying—

(A) the total number of allowances for the calendar year under subsection (a)(3) or (b)(3) of section 1513; and

(B) the auction percentage for the calendar year under subsection (c).

(3) SCHEDULE.—The auction of allowances shall be held on the following schedule:

(A) In 2007, the Secretary shall auction—

(i) ½ of the allowances available for auction for 2010; and

(ii) ½ of the allowances available for auction for 2011.

(B) In 2008, the Secretary shall auction ½ of the allowances available for auction for 2012.

(C) In 2009, the Secretary shall auction ½ of the allowances available for auction for 2013.

(D) In 2010 and each subsequent calendar year, the Secretary shall auction—

(i) ½ of the allowances available for auction for that calendar year; and

(ii) ½ of the allowances available for auction for the calendar year that is 4 years after that calendar year.

(4) UNDISTRIBUTED ALLOWANCES.—In an auction held during any calendar year, the Secretary shall auction any allowance that was—

(A) available for allocation under subsection (a) for the calendar year, but not distributed; or

(B) available during the preceding calendar year for an offset or early reduction activity under section 1519 or 1520, but not distributed during that calendar year.

(c) AVAILABLE PERCENTAGES.—Except as directed under section 1521, the percentage of the total quantity of allowances for each calendar year to be available for allocation, auction, offset projects, and early reduction projects shall be determined in accordance with the following table:

| Year | Allocation Percentage | Auction Percentage | Percentage Available for Offset Allowances | Percentage Available for Early Reduction Allowances |
|---|---|---|---|---|
| 2010 | 91.0 | 5.0 | 3 | 1 |
| 2011 | 91.0 | 5.0 | 3 | 1 |
| 2012 | 91.0 | 5.0 | 3 | 1 |
| 2013 | 90.5 | 5.5 | 3 | 1 |
| 2014 | 90.0 | 6.0 | 3 | 1 |
| 2015 | 90.5 | 6.5 | 3 | 1 |
| 2016 | 89.0 | 7.0 | 3 | 1 |
| 2017 | 88.5 | 7.5 | 3 | 1 |
| 2018 | 88.0 | 8.0 | 3 | 1 |
| 2019 | 87.5 | 8.5 | 3 | 1 |
| 2020 and thereafter | 87.0 | 10 | 3 | ____ |

**SEC. 1515. SUBMISSION OF ALLOWANCES.**

(a) REQUIREMENTS.—

(1) REGULATED FUEL DISTRIBUTORS.—

(A) IN GENERAL.—For calendar year 2010 and each calendar year thereafter, each regulated fuel distributor shall submit to the Secretary a number of allowances equal to

the carbon dioxide equivalent of the quantity of covered fuel, determined in accordance with subsection (b)(1), for the regulated fuel distributor.

(B) NATURAL GAS PIPELINES.—For calendar year 2010 and each calendar year thereafter, for any regulated fuel distributor that is a natural gas pipeline, each natural gas shipper on the pipeline shall submit to the owner or operator of the pipeline a number of allowances (or an equivalent payment of the safety valve price) equal to the carbon dioxide equivalent of the quantities of natural gas received by the pipeline from the shipper (excluding any amount received by the pipeline from the shipper at an interconnection of another pipeline).

(2) NONFUEL REGULATED ENTITIES.—For 2010 and each calendar year thereafter, each nonfuel regulated entity shall submit to the Secretary a number of allowances equal to the carbon dioxide equivalent of the quantity of nonfuel-related greenhouse gas, determined in accordance with subsection (b)(2), for the nonfuel regulated entity.

(b) REGULATED QUANTITIES.—

(1) COVERED FUELS.—For purposes of subsection (a)(1), the quantity of covered fuel shall be equal to—

(A) for a petroleum refinery located in the United States, the quantity of petroleum products refined, produced, or consumed at the refinery;

(B) for a natural gas pipeline in the United States, the quantity of natural gas received by the pipeline for transport, excluding any natural gas received at an interconnection with another natural gas pipeline;

(C) for a natural gas processing plant located in the United States, the quantity of natural gas liquids produced at the plant;

(D) for a coal mine located in the United States, the quantity of coal produced at the mine; and

(E) for an importer of coal, petroleum products, or natural gas liquids into the United States, the quantity of coal, petroleum products, or natural gas liquids imported into the United States.

(2) NONFUEL-RELATED GREENHOUSE GASES.—For purposes of subsection (a)(2), the quantity of nonfuel-related greenhouse gas shall be equal to—

(A) for a manufacturer or importer of hydrofluorocarbons, perfluorocarbons, sulfur hexafluoride, or nitrous oxide, the quantity of hydrofluorocarbons, perfluorocarbons, sulfur hexafluoride, or nitrous oxide produced or imported by the manufacturer or importer;

(B) for an underground coal mine, the quantity of methane emitted by the coal mine;

(C) for a facility that manufactures adipic acid or nitric acid, the quantity of nitrous oxide emitted by the facility;

(D) for a facility that produces cement or lime, the quantity of carbon dioxide emitted by the facility as a result of the calcination process;

(E) for an aluminum smelter, the sum of—

(i) the quantity of carbon dioxide emitted by the smelter; and

(ii) the quantity of perfluorocarbons emitted by the smelter; and

(F) for a facility that produces hydrochlorofluorocarbon-22, the quantity of hydrofluorocarbon-23 emitted by the facility.

(3) ADJUSTMENTS.—

(A) REGULATED FUEL DISTRIBUTORS.—

(i) MODIFICATION.—The Secretary may modify, by rule, a quantity of covered fuels under paragraph (1) if the Secretary determines that the modification is necessary to ensure that—

(I) allowances are submitted for all units of covered fuel; and

(II) allowances are not submitted for the same quantity of covered fuel by more than 1 regulated fuel distributor.

(ii) EXTENSION.—The Secretary may extend, by rule, the requirement to submit allowances under subsection (a)(1) to an entity that is not a regulated fuel distributor if the Secretary determines that the extension is necessary to ensure that allowances are submitted for all covered fuels.

(B) NONFUEL REGULATED ENTITIES.—The Secretary may modify, by rule, a quantity of nonfuel-related greenhouse gases under paragraph (2) if the Secretary determines the modification is necessary to ensure that allowances are not submitted for the same volume of nonfuel-related greenhouse gas by more than 1 regulated entity.

(c) DEADLINE FOR SUBMISSION.—Any entity required to submit an allowance to the Secretary under this section shall submit the allowance not later than March 31 of the calendar year following the calendar year during which the allowance is required to be submitted.

(d) REGULATIONS.—The Secretary shall promulgate such regulations as the Secretary determines to be necessary or appropriate to—

(1) identify and register each regulated entity that is required to submit an allowance under this section; and

(2) require the submission of reports and otherwise obtain any information the Secretary determines to be necessary to calculate or verify the compliance of a regulated entity with any requirement under this section.

(e) EXEMPTION AUTHORITY FOR NON-FUEL REGULATED ENTITIES.—

(1) IN GENERAL.—Except as provided in paragraph (2), the Secretary may exempt from the requirements of this subtitle an entity that emits, manufactures, or imports nonfuel-related greenhouse gases for any period during which the Secretary determines, after providing an opportunity for public comment, that measuring or estimating the quantity of greenhouse gases emitted, manufactured, or imported by the entity is not feasible.

(2) EXCLUSION.—The Secretary may not exempt a regulated fuel distributor from the requirements of this subtitle under paragraph (1).

(f) RETIREMENT OF ALLOWANCES.—

(1) IN GENERAL.—Any person or entity that is not subject to this subtitle may submit to the Secretary an allowance for retirement at any time.

(2) ACTION BY SECRETARY.—On receipt of an allowance under paragraph (1), the Secretary—

(A) shall accept the allowance; and

(B) shall not allocate, auction, or otherwise reissue the allowance.

**SEC. 1516. SAFETY VALVE.**

The Secretary shall accept from a regulated entity a payment of the applicable safety valve price for a calendar year in lieu of submission of an allowance under section 1515 for that calendar year.

**SEC. 1517. ALLOWANCE TRADING SYSTEM.**

(a) IN GENERAL.—The Secretary shall establish, by rule, a trading system under which allowances and credits may be sold, exchanged, purchased, or transferred by any person or entity.

(b) TRANSPARENCY.—

(1) IN GENERAL.—The trading system under subsection (a) shall include such provisions as the Secretary considers to be appropriate to—

(A) facilitate price transparency and public participation in the market for allowances and credits; and

(B) protect buyers and sellers of allowances and credits, and the public, from the adverse effects of collusion and other anticompetitive behaviors.

(2) AUTHORITY TO OBTAIN INFORMATION.—The Secretary may obtain any information the Secretary considers to be necessary to carry out this section from any person or entity that buys, sells, exchanges, or otherwise transfers an allowance or credit.

**SEC. 1518. CREDITS FOR GEOLOGIC SEQUESTRATION, FEEDSTOCKS, AND EXPORTS.**

(a) ESTABLISHMENT.—

(1) IN GENERAL.—The Secretary shall establish, by rule, a program under which the Secretary distributes credits to entities in accordance with this section.

(2) SEQUESTRATION.—If the Secretary determines, based on information submitted under section 1522(c), that an entity has carried out long-term sequestration of carbon dioxide from the combustion of covered fuels in a geologic formation, the Secretary shall distribute to that entity, for 2010 and each subsequent calendar year, a quantity of credits equal to the quantity of carbon dioxide sequestered by the entity during that year, as determined by the Secretary.

(3) EXPORTERS OF COVERED FUEL.—If the Secretary determines that an entity has exported covered fuel, the Secretary shall distribute to that entity, for 2010 and each subsequent calendar year, a quantity of credits equal to the quantity of covered fuel exported by the entity during that year, measured in carbon dioxide equivalents.

(4) USE OF FUELS AS FEEDSTOCKS.—If the Secretary determines that an entity has used a covered fuel as a feedstock so that the carbon dioxide associated with the covered fuel will not be emitted, the Secretary shall distribute to that entity, for 2010 and each subsequent calendar year, a quantity of credits equal to the quantity of covered fuel used as feedstock by the entity during that year, measured in carbon dioxide equivalents.

(5) NON-CARBON-DIOXIDE GREENHOUSE GASES.—If the Secretary determines that an entity has destroyed hydrofluorocarbons, perfluorocarbons, sulfur hexafluoride, or nitrous oxide so that the hydrofluorocarbons, perfluorocarbons, sulfur hexafluoride, or nitrous oxide will not be emitted, the Secretary shall distribute to that entity, for 2010 and each subsequent calendar year, a quantity of credits equal to the quantity of hydrofluorocarbons, perfluorocarbons, sulfur hexafluoride, or nitrous oxide destroyed by the entity during that year, measured in carbon dioxide equivalents.

(6) OTHER EXPORTERS.—If the Secretary determines that an entity has exported hydrofluorocarbons, perfluorocarbons, sulfur hexafluoride, or nitrous oxide, the Secretary shall distribute to that entity, for 2010 and each subsequent calendar year, a quantity of credits equal to the volume of hydrofluorocarbons, perfluorocarbons, sulfur hexafluoride, or nitrous oxide exported by the entity during that year, measured in carbon dioxide equivalents.

(b) NATURE OF CREDITS.—A credit distributed by the Secretary under this section—

(1) is tradable and bankable;

(2) may be submitted by a regulated entity in lieu of an allowance under section 1515; and

(3) is not a property right.

**SEC. 1519. OFFSET PROJECT PILOT PROGRAM.**

(a) ESTABLISHMENT.—The Secretary shall establish, by rule, a pilot program under which the Secretary distributes allowances to entities that carry out offset projects that meet the requirements of section 1522(c).

(b) AVAILABLE ALLOWANCES.—The total quantity of allowances distributed under subsection (a) may not exceed the product obtained by multiplying—

(1) the total number of allowances issued for the calendar year under subsection (a)(3) or (b)(3) of section 1513; and

(2) the percentage available for offset allowances for the calendar year under section 1514(c).

(c) INELIGIBLE OFFSET PROJECTS.—An offset project shall not be eligible to receive an allowance under subsection (a) if the offset project—

(1) is carried out in the United States; and

(2) reduces or geologically sequesters covered greenhouse gas emissions.

(d) INTERNATIONAL OFFSET PROJECTS.—

(1) IN GENERAL.—The Secretary may distribute allowances under subsection (a) to an offset project carried out in a foreign country.

(2) FOREIGN CREDITS.—An allowance or credit issued by a foreign country for an offset project described in paragraph (1) shall not be submitted to meet a requirement under section 1515.

**SEC. 1520. EARLY REDUCTION ALLOWANCES.**

(a) ESTABLISHMENT.—The Secretary shall establish, by rule, a program under which the Secretary distributes to any entity that carries out a project to reduce or sequester greenhouse gas emissions before the initial allocation period a quantity of allowances that reflects the actual emissions reductions or net sequestration of the project, as determined by the Secretary.

(b) AVAILABLE ALLOWANCES.—The total quantity of allowances distributed under subsection (a) may not exceed the product obtained by multiplying—

(1) the total number of allowances issued for the calendar year under subsection (a)(3) of section 1513; and

(2) the percentage available for early reduction allowances for the calendar year under section 1514(c).

(c) ELIGIBILITY.—The Secretary may distribute allowances for early reduction projects only to an entity that has reported the reduced or sequestered greenhouse gas emissions under—

(1) the Voluntary Reporting of Greenhouse Gases Program of the Energy Information Administration under section 1605(b) of the Energy Policy Act of 1992 (42 U.S.C. 13385(b));

(2) the Climate Leaders Program of the Environmental Protection Agency; or

(3) a State-administered or privately-administered registry that includes early reduction actions not covered under the programs described in paragraphs (1) and (2).

**SEC. 1521. CONGRESSIONAL REVIEW.**

(a) INTERAGENCY REVIEW.—

(1) IN GENERAL.—Not later than January 15, 2014, and every 5 years thereafter, the President shall establish an interagency group to review and make recommendations relating to—

(A) each program under this subtitle; and

(B) any similar program of a foreign country described in paragraph (2).

(2) COUNTRIES TO BE REVIEWED.—An interagency group established under paragraph (1) shall review actions and programs relating to greenhouse gas emissions of—

(A) each member country of the Organisation for Economic Co-operation and Development;

(B) China;

(C) India;

(D) Brazil;

(E) Mexico;

(F) Russia; and

(G) Ukraine.

(3) INCLUSIONS.—A review under paragraph (1) shall—

(A) for the countries described in paragraph (2), analyze whether the countries that contribute at least 75 percent of aggregate greenhouse gas emissions have taken action that—

(i) in the case of member countries of the Organisation for Economic Co-Operation and Development, is comparable to that of the United States; and

(ii) in the case of China, India, Brazil, Mexico, Russia, and Ukraine, is significant, contemporaneous, and equitable compared to action taken by the United States;

(B) analyze whether each of the 5 largest trading partners of the United States, as of the date on which the review is conducted, has taken action with respect to greenhouse gas emissions that is comparable to action taken by the United States;

(C) analyze whether the programs established under this subtitle have contributed to an increase in electricity imports from Canada or Mexico; and

(D) make recommendations with respect to whether—

(i) the rate of reduction of emissions intensity under subsection (a)(2) or (b)(2) of section 1513 should be modified; and

(ii) the rate of increase of the safety valve price should be modified.

(4) SUPPLEMENTARY REVIEW ELEMENTS.—A review under paragraph (1) may include an analysis of—

(A) the feasibility of regulating owners or operators of entities that—

(i) emit nonfuel-related greenhouse gases; and

(ii) that are not subject to this subtitle;

(B) whether the percentage of allowances for any calendar year that are auctioned under section 1514(c) should be modified.

(5) NATIONAL RESEARCH COUNCIL REPORTS.—The President may request such reports from the National Research Council as the President determines to be necessary and appropriate to support the interagency review process under this subsection.

(b) REPORT.—

(1) IN GENERAL.—Not later than January 15, 2015, and every 5 years thereafter, the President shall submit to the House of Representatives and the Senate a report describing any recommendation of the President with respect to changes in the programs under this subtitle.

(2) RECOMMENDATIONS.—A recommendation under paragraph (1) shall take into consideration the results of the most recent interagency review under subsection (a).

(c) CONGRESSIONAL ACTION.—

(1) CONSIDERATION.—Not later than September 30 of any calendar year during which a report is to be submitted under subsection (b), the House of Representatives and the Senate may consider a joint resolution, in accordance with paragraph (2), that—

(A) amends subsection (a)(2) or (b)(2) of section 1513;

(B) modifies the safety valve price; or

(C) modifies the percentage of allowances to be allocated under section 1514(c).

(2) REQUIREMENTS.—A joint resolution considered under paragraph (1) shall—

(A) be introduced during the 45-day period beginning on the date on which a report is required to be submitted under subsection (b); and

(B) after the resolving clause and ''That'', contain only 1 or more of the following:

(i) '', effective beginning January 1, 2015, section 1513(a)(2) of the Climate and Economy Insurance Act of 2005 is amended by striking '2.4' and inserting '_____'.''.

(ii) '', effective beginning _____, section 1513(b)(2) of the Climate and Economy Insurance Act of 2005 is amended by striking '2.8' and inserting '_____'.''.

(iii) '', effective beginning _____, section 1512(13)(B) of the Climate and Economy Insurance Act of 2005 is amended by striking '5 percent' and inserting '_____ percent'.''.

(iv) ''the table under section 1514(c) of the Climate and Economy Insurance Act of 2005 is amended by striking the line relating to calendar year 2020 and thereafter and inserting the following:

| 'Year | Allocation Percentage | Auction Percentage | Percentage Available for Offset Allowances | Percentage Available for Early Reduction Allowances |
|---|---|---|---|---|
| 2020 and thereafter | ____ | ____ | ____ | ____'.'' |

(3) APPLICABLE LAW.—Subsections (b) through (g) of section 802 of title 5, United States Code, shall apply to any joint resolution under this subsection.

(d) REVIEW OF ALLOCATION RULES.—

(1) EFFECTIVENESS OF ALLOCATION RULE.—A rule prescribed under section 1514(a)(3)(A) shall not take effect if, not later than 180 days after the date on which the rule is submitted to Congress, a joint resolution described in paragraph (2) is enacted.

(2) REQUIREMENTS.—A joint resolution considered under paragraph (1) shall—

(A) be introduced during the 45-day period beginning on the date on which a rule is required to be submitted under section 1514(a)(3); and

(B) after the resolving clause, contain the following: ''That the rule submitted by the Secretary of Energy on _____ under section 1514(a)(3) of the Climate and Economy Insurance Act of 2005 is disapproved.''.

(3) APPLICABLE LAW.—Subsections (b) through (g) of section 802 of title 5, United States Code, shall apply to any joint resolution under this subsection.

**SEC. 1522. MONITORING AND REPORTING.**

(a) IN GENERAL.—The Secretary shall require, by rule, that a regulated entity shall perform such monitoring and submit such reports as the Secretary determines to be necessary to carry out this subtitle.

(b) SUBMISSION OF INFORMATION.—The Secretary shall establish, by rule, any procedure the Secretary determines to be necessary to ensure the completeness, consistency, transparency, and accuracy of reports under subsection (a), including—

(1) accounting and reporting standards for covered greenhouse gas emissions;

(2) standardized methods of calculating covered greenhouse gas emissions in specific

industries from other information the Secretary determines to be available and reliable, such as energy consumption data, materials consumption data, production data, or other relevant activity data;

(3) if the Secretary determines that a method described in paragraph (2) is not feasible for a regulated entity, a standardized method of estimating covered greenhouse gas emissions of the regulated entity;

(4) a method of avoiding double counting of covered greenhouse gas emissions;

(5) a procedure to prevent a regulated entity from avoiding the requirements of this subtitle by—

(A) reorganization into multiple entities; or

(B) outsourcing the operations or activities of the regulated entity with respect to covered greenhouse gas emissions; and

(6) a procedure for the verification of data relating to covered greenhouse gas emissions by—

(A) regulated entities; and

(B) independent verification organizations.

(c) DETERMINING ELIGIBILITY FOR CREDITS, OFFSET ALLOWANCES, AND EARLY REDUCTION ALLOWANCES.—

(1) IN GENERAL.—An entity shall provide the Secretary with the information described in paragraph (2) in connection with any application to receive—

(A) a credit under section 1518(a)(2);

(B) an allowance under section 1519; or

(C) an early reduction allowance under section 1520 (unless, and to the extent, the Secretary determines that providing such information is not feasible for the entity).

(2) REQUIRED INFORMATION.—

(A) GREENHOUSE GAS EMISSIONS REDUCTION.—In the case of a greenhouse gas emissions reduction, the entity shall provide the Secretary with information verifying that, as determined by the Secretary—

(i) the entity has achieved an actual reduction in greenhouse gas emissions—

(I) relative to historic emissions levels of the entity; and

(II) taking into consideration any increase in other greenhouse gas emissions of the entity; and

(ii) if the reduction exceeds the net reduction of direct greenhouse gas emissions of the entity, the entity reported a reduction that was adjusted so as not to exceed the net reduction.

(B) GREENHOUSE GAS SEQUESTRATION.—In the case of a greenhouse gas sequestration, the entity shall provide the Secretary with information verifying that, as determined by the Secretary, the entity has achieved actual increases in net sequestration, taking into account the total use of materials and energy by the entity in carrying out the sequestration.

**SEC. 1523. ENFORCEMENT.**

(a) FAILURE TO SUBMIT ALLOWANCES.—

(1) PAYMENT TO SECRETARY.—A regulated entity that fails to submit an allowance (or the safety valve price in lieu of an allowance) for a calendar year not later than March 31 of the following calendar year shall pay to the Secretary, for each allowance the regulated entity failed to submit, an amount equal to the product obtained by multiplying—

(A) the safety valve price for that calendar year; and

(B) 3.

(2) FAILURE TO PAY.—A regulated entity that fails to make a payment to the Secretary under paragraph (1) by December 31 of the calendar year following the calendar year for which the payment is due shall be subject to subsection (b) or (c), or both.

(b) CIVIL ENFORCEMENT.—

(1) PENALTY.—A person that the Secretary determines to be in violation of this subtitle shall be subject to a civil penalty of not more than $25,000 for each day during which the entity is in violation, in addition to any amount required under subsection (a)(1).

(2) INJUNCTION.—The Secretary may bring a civil action for a temporary or permanent injunction against any person described in paragraph (1).

(c) CRIMINAL PENALTIES.—A person that willfully fails to comply with this subtitle shall be subject to a fine under title 18, United States Code, or imprisonment for not to exceed 5 years, or both.

**SEC. 1524. JUDICIAL REVIEW.**

(a) IN GENERAL.—Except as provided in subsection (b), section 336(b) of the Energy Policy and Conservation Act (42 U.S.C. 6306(b)) shall apply to a review of any rule issued under this subtitle in the same manner, and to the same extent, that that section applies to a rule issued under sections 323, 324, and 325 of that Act (42 U.S.C. 6293, 6294, 6295).

(b) EXCEPTION.—A petition for review of a rule under this subtitle shall be filed in the United States Court of Appeals for the District of Columbia.

**SEC. 1525. ADMINISTRATIVE PROVISIONS.**

(a) RULES AND ORDERS.—The Secretary may issue such rules and orders as the Secretary determines to be necessary or appropriate to carry out this subtitle.

(b) DATA.—

(1) IN GENERAL.—In carrying out this subtitle, the Secretary may use any authority provided under section 11 of the Energy Supply and Environmental Coordination Act of 1974 (15 U.S.C. 796).

(2) DEFINITION OF ENERGY INFORMATION.—For the purposes of carrying out this subtitle, the definition of the term ''energy information'' under section 11 of the Energy Supply and Environmental Coordination Act of 1974 (15 U.S.C. 796) shall be considered to include any information the Secretary determines to be necessary or appropriate to carry out this subtitle.

**SEC. 1526. CLIMATE CHANGE ADAPTATION AND EARLY TECHNOLOGY DEPLOYMENT.**

(a) TRUST FUND.—

(1) ESTABLISHMENT.—There is established in the Treasury a trust fund, to be known as the ''Climate Change Trust Fund'' (referred to in this section as the ''Trust Fund'').

(2) DEPOSITS.—The Secretary shall deposit into the Trust Fund any funds received by the Secretary under section 1514(b) or 1516.

(3) MAXIMUM CUMULATIVE AMOUNT.—Not more than $50,000,000,000 may be deposited into the Trust Fund.

(b) DISTRIBUTION.—Beginning in fiscal year 2008, the Secretary shall transfer any funds deposited into the Trust Fund during the previous fiscal year as follows:

(1) CLIMATE CHANGE ADAPTATION.—25 percent of the funds shall be transferred as follows:

(A) CONSERVATION OF COASTAL WETLANDS.—

(i) IN GENERAL.—Subject to clause (ii), 13 percent shall be transferred to the Secretary of the Interior for purposes of making payments to producing states under section 31 of the Outer Continental Shelf Lands Act (43 U.S.C. 1356a) (as amended by section 371).

(ii) LIMITATION.—Not more than 10 percent of the amounts received by a producing State or a coastal political subdivision during any fiscal year shall be used to carry out subparagraphs (C) and (E) of section 31(d)(1) of that Act (43 U.S.C. 1356a) (as amended by section 371).

(B) WILDLIFE CONSERVATION.—12 percent shall be transferred to the wildlife conservation and restoration account within the Federal aid to wildlife restoration fund established under section 3 of the Pittman-Robertson Wildlife Restoration Act (16 U.S.C. 669b) (also known as the ''Federal Aid in Wildlife Restoration Act'').

(2) ZERO- OR LOW-CARBON ENERGY TECHNOLOGIES.—40 percent of the funds shall be transferred to the Secretary to carry out the zero- or low-carbon energy technologies program under subsection (c).

(3) ADVANCED ENERGY TECHNOLOGIES INCENTIVE PROGRAM.—25 percent of the funds shall be transferred as follows:

(A) ADVANCED COAL TECHNOLOGIES.—20 percent shall be transferred to the Secretary to carry out the advanced coal and sequestration technologies program under subsection (d).

(B) CELLULOSIC BIOMASS.—5 percent shall be transferred to the Secretary to carry out—

(i) the cellulosic biomass ethanol and municipal solid waste loan guarantee program under section 212(c) of the Clean Air Act (as added by section 206);

(ii) the cellulosic biomass ethanol conversion assistance program under section 212(f) of that Act (as added by section 206); and

(iii) the fuel from cellulosic biomass program under subsection (e).

(4) ADVANCED TECHNOLOGY VEHICLES.—10 percent shall be transferred to the Secretary to carry out the advanced technology vehicles manufacturing incentive program under subsection (f).

(c) ZERO- OR LOW-CARBON ENERGY TECHNOLOGIES DEPLOYMENT.—

(1) DEFINITIONS.—In this subsection:

(A) ENERGY SAVINGS.—The term ''energy savings'' means megawatt-hours of electricity or million British thermal units of natural gas saved by a product, in comparison to projected energy consumption under the energy efficiency standard applicable to the product.

(B) HIGH-EFFICIENCY CONSUMER PRODUCT.—The term ''high-efficiency consumer product'' means a covered product to which an energy conservation standard applies under section 325 of the Energy Policy and Conservation Act (42 U.S.C. 6295), if the energy efficiency of the product exceeds the energy efficiency required under the standard.

(C) ZERO- OR LOW-CARBON GENERATION.—The term ''zero- or low-carbon generation'' means generation of electricity by an electric generation unit that—

(i) emits no carbon dioxide into the atmosphere, or is fossil-fuel fired and emits into the atmosphere not more than 250 pounds of carbon dioxide per megawatt-hour (after adjustment for any carbon dioxide from the unit that is geologically sequestered); and

(ii) was placed into commercial service after the date of enactment of this Act.

(2) FINANCIAL INCENTIVES PROGRAM.—During each fiscal year beginning on or after October 1, 2006, the Secretary shall competitively award financial incentives under this subsection in the following technology categories:

(A) Production of electricity from new zero- or low-carbon generation.

(B) Manufacture of high-efficiency consumer products.

(3) REQUIREMENTS.—

(A) IN GENERAL.—The Secretary shall make awards under this subsection to producers of new zero- or low-carbon generation and to manufacturers of high-efficiency consumer products—

(i) in the case of producers of new zero- or low-carbon generation, based on the bid of each producer in terms of dollars per megawatt-hour of electricity generated; and

(ii) in the case of manufacturers of high-efficiency consumer products, based on the bid of each manufacturer in terms of dollars per megawatt-hour or million British thermal units saved.

(B) ACCEPTANCE OF BIDS.—

(i) IN GENERAL.—In making awards under this subsection, the Secretary shall—

(I) solicit bids for reverse auction from appropriate producers and manufacturers, as determined by the Secretary; and

(II) award financial incentives to the producers and manufacturers that submit the lowest bids that meet the requirements established by the Secretary.

(ii) FACTORS FOR CONVERSION.—

(I) IN GENERAL.—For the purpose of assessing bids under clause (i), the Secretary shall specify a factor for converting megawatt-hours of electricity and million British thermal units of natural gas to common units.

(II) REQUIREMENT.—The conversion factor shall be based on the relative greenhouse gas emission benefits of electricity and natural gas conservation.

(C) INELIGIBLE UNITS.—A new unit for the generation of electricity that uses renewable energy resources shall not be eligible to receive an award under this subsection if the unit receives renewable energy credits under a Federal renewable portfolio standard.

(4) FORMS OF AWARDS.—

(A) ZERO- AND LOW-CARBON GENERATORS.—An award for zero- or low-carbon generation under this subsection shall be in the form of a contract to provide a production payment for each year during the first 10 years of commercial service of the generation unit in an amount equal to the product obtained by multiplying—

(i) the amount bid by the producer of the zero- or low-carbon generation; and

(ii) the megawatt-hours estimated to be generated by the zero- or low-carbon generation unit each year.

(B) HIGH-EFFICIENCY CONSUMER PRODUCTS.—An award for a high-efficiency consumer product under this subsection shall be in the form of a lump sum payment in an amount equal to the product obtained by multiplying—

(i) the amount bid by the manufacturer of the high-efficiency consumer product; and

(ii) the energy savings during the projected useful life of the high-efficiency consumer product, not to exceed 10 years, as determined under rules issued by the Secretary.

(d) ADVANCED COAL AND SEQUESTRATION TECHNOLOGIES PROGRAM.—

(1) ADVANCED COAL TECHNOLOGIES.—

(A) DEFINITION OF ADVANCED COAL GENERATION TECHNOLOGY.—In this paragraph, the term ''advanced coal generation technology'' means integrated gasification combined cycle or other advanced coal-fueled power plant technologies that—

(i) have a minimum of 50 percent coal heat input on an annual basis;

(ii) provide a technical pathway for carbon capture and storage; and

(iii) provide a technical pathway for co-production of a hydrogen slip-stream.

(B) DEPLOYMENT INCENTIVES.—

(i) IN GENERAL.—The Secretary shall use ½ of the funds provided to carry out this subsection during each fiscal year to provide Federal financial incentives to facilitate the deployment of not more than 20 gigawatts of advanced coal generation technologies.

(ii) ADMINISTRATION.—In providing incentives under clause (i), the Secretary shall—

(I) provide appropriate incentives for regulated investor-owned utilities, municipal utilities, electric cooperatives, and independent power producers, as determined by the Secretary; and

(II) ensure that a range of the domestic coal types is employed in the facilities that receive incentives under this subparagraph.

(C) FUNDING PRIORITIES.—

(i) PROJECTS USING CERTAIN COALS.—In providing incentives under this paragraph, the Secretary shall set aside not less than 25 percent of any funds made available to carry out this paragraph for projects using lower rank coals, such as subbituminous coal and lignite.

(ii) SEQUESTRATION ACTIVITIES.—After the Secretary has made awards for 2000 megawatts of capacity under this paragraph, the Secretary shall give priority to projects that will capture and sequester emissions of carbon dioxide, as determined by the Secretary.

(D) DISTRIBUTION OF FUNDS.—A project that receives an award under this paragraph may elect 1 of the following Federal financial incentives:

(i) A loan guarantee under section 1403(b).

(ii) A cost-sharing grant for not more than 50 percent of the cost of the project.

(iii) Production payments of not more than 1.5 cents per kilowatt-hour of electric output during the first 10 years of commercial service of the project.

(E) LIMITATION.—A project may not receive an award under this subsection if the project receives an award under subsection (c).

(2) SEQUESTRATION.—

(A) IN GENERAL.—The Secretary shall use ½ of the funds provided to carry out this subsection during each fiscal year for large-scale geologic carbon storage demonstration projects that use carbon dioxide captured from facilities for the generation of electricity using coal gasification or other advanced coal combustion processes, including facilities that receive assistance under paragraph (1).

(B) PROJECT CAPITAL AND OPERATING COSTS.—The Secretary shall provide assistance under this paragraph to reimburse the project owner for a percentage of the incremental project capital and operating costs of the project that are attributable to carbon capture and sequestration, as the Secretary determines to be appropriate.

(e) FUEL FROM CELLULOSIC BIOMASS.—

(1) IN GENERAL.—The Secretary shall provide deployment incentives under this subsection to encourage a variety of projects to produce transportation fuels from cellulosic biomass, relying on different feedstocks in different regions of the United States.

(2) PROJECT ELIGIBILITY.—Incentives under this paragraph shall be provided on a competitive basis to projects that produce fuels that—

(A) meet United States fuel and emissions specifications;

(B) help diversify domestic transportation energy supplies; and

(C) improve or maintain air, water, soil, and habitat quality.

(3) INCENTIVES.—Incentives under this subsection may consist of—

(A) additional loan guarantees under section 1403(b) for the construction of production facilities and supporting infrastructure; or

(B) production payments through a reverse auction in accordance with paragraph (4).

(4) REVERSE AUCTION.—

(A) IN GENERAL.—In providing incentives under this subsection, the Secretary shall—

(i) prescribe rules under which producers of fuel from cellulosic biomass may bid for production payments under paragraph (3)(B); and

(ii) solicit bids from producers of different classes of transportation fuel, as the Secretary determines to be appropriate.

(B) REQUIREMENT.—The rules under subparagraph (A) shall require that incentives shall be provided to the producers that submit the lowest bid (in terms of cents per gallon) for each class of transportation fuel from which the Secretary solicits a bid.

(f) ADVANCED TECHNOLOGY VEHICLES MANUFACTURING INCENTIVE PROGRAM.—

(1) DEFINITIONS.—In this subsection:

(A) ADVANCED LEAN BURN TECHNOLOGY MOTOR VEHICLE.—The term ''advanced lean burn technology motor vehicle'' means a passenger automobile or a light truck with an internal combustion engine that—

(i) is designed to operate primarily using more air than is necessary for complete combustion of the fuel;

(ii) incorporates direct injection; and

(iii) achieves at least 125 percent of the 2002 model year city fuel economy of vehicles in the same size class as the vehicle.

(B) ADVANCED TECHNOLOGY VEHICLE.—The term ''advanced technology vehicle'' means a light duty motor vehicle that—

(i) is a hybrid motor vehicle or an advanced lean burn technology motor vehicle; and

(ii) meets the following performance criteria:

(I) Except as provided in paragraph (3)(A)(ii), the Tier II Bin 5 emission standard established in regulations prescribed by the Administrator of the Environmental Protection Agency under section 202(i) of the Clean Air Act (42 U.S.C. 7521(i)), or a lower numbered bin.

(II) At least 125 percent of the base year city fuel economy for the weight class of the vehicle.

(C) ENGINEERING INTEGRATION COSTS.—The term ''engineering integration costs'' includes the cost of engineering tasks relating to—

(i) incorporating qualifying components into the design of advanced technology vehicles; and

(ii) designing new tooling and equipment for production facilities that produce qualifying components or advanced technology vehicles.

(D) HYBRID MOTOR VEHICLE.—The term ''hybrid motor vehicle'' means a motor vehicle that draws propulsion energy from onboard sources of stored energy that are—

(i) an internal combustion or heat engine using combustible fuel; and

(ii) a rechargeable energy storage system.

(E) QUALIFYING COMPONENTS.—The term ''qualifying components'' means components that the Secretary determines to be—

(i) specially designed for advanced technology vehicles; and

(ii) installed for the purpose of meeting the performance requirements of advanced technology vehicles.

(2) MANUFACTURER FACILITY CONVERSION AWARDS.—The Secretary shall provide facility conversion funding awards under this subsection to automobile manufacturers and component suppliers to pay 30 percent of the cost of—

(A) re-equipping or expanding an existing manufacturing facility to produce—

(i) qualifying advanced technology vehicles; or

(ii) qualifying components; and

(B) engineering integration of qualifying vehicles and qualifying components.

(3) PERIOD OF AVAILABILITY.—

(A) PHASE I.—

(i) IN GENERAL.—An award under paragraph (2) shall apply to—

(I) facilities and equipment placed in service before January 1, 2014; and

(II) engineering integration costs incurred during the period beginning on the date of enactment of this Act and ending on December 31, 2013.

(ii) TRANSITION STANDARD FOR LIGHT DUTY DIESEL-POWERED VEHICLES.—For purposes of making an award under clause (i), the term ''advanced technology vehicle'' includes a diesel-powered or diesel-hybrid light duty vehicle that—

(I) has a weight greater than 6,000 pounds; and

(II) meets the Tier II Bin 8 emission standard established in regulations prescribed by the Administrator of the Environmental Protection Agency under section 202(i) of the Clean Air Act (42 U.S.C. 7521(i)), or a lower numbered bin.

(B) PHASE II.—If the Secretary determines under paragraph (4) that the program under this subsection has resulted in a substantial improvement in the ability of automobile manufacturers to produce light duty vehicles with improved fuel economy, the Secretary shall continue to make awards under paragraph (2) that shall apply to—

(i) facilities and equipment placed in service before January 1, 2021; and

(ii) engineering integration costs incurred during the period beginning on January 1, 2014, and ending on December 31, 2020.

(4) DETERMINATION OF IMPROVEMENT.—

(A) IN GENERAL.—Not later than January 1, 2013, the Secretary shall determine, after providing notice and an opportunity for public comment, whether the program under this subsection has resulted in a substantial improvement in the ability of automobile manufacturers to produce light duty vehicles with improved fuel economy.

(B) EFFECT ON MANUFACTURERS.—In preparing the determination under subparagraph (A), the Secretary shall enter into an agreement with the National Academy of Sciences to analyze the effect of the program under this subsection on automobile manufacturers.

**SEC. 1527. EFFECT OF SUBTITLE.**

Nothing in this subtitle affects the authority of Congress to limit, terminate, or change the value of an allowance or credit issued under this subtitle.

**Subtitle B—International Programs**

**SEC. 1531. PURPOSES.**

The purposes of this subtitle are—

(1) to strengthen the cooperation of the United States with developing countries in addressing critical energy needs and global climate change;

(2) to promote sustainable economic development, increase access to modern energy services, reduce greenhouse gas emissions, and strengthen energy security and independence in developing countries through the deployment of clean energy technologies;

(3) to facilitate the export of clean energy technologies to developing countries;

(4) to reduce the trade deficit of the United States through the export of United States energy technologies and technological expertise;

(5) to retain and create manufacturing and related service jobs in the United States;

(6) to integrate the objectives described in paragraphs (1) through (5) in a manner consistent with interests of the United States, into the foreign policy of the United States;

(7) to authorize funds for clean energy development activities in developing countries; and

(8) to ensure that activities funded under part C of title VII of the Global Environmental Protection Assistance Act of 1989 (as added by section 1532) contribute to economic growth, poverty reduction, good governance, the rule of law, property rights, and environmental protection.

**SEC. 1532. CLEAN ENERGY TECHNOLOGY DEPLOYMENT IN DEVELOPING COUNTRIES.**

Title VII of the Global Environmental Protection Assistance Act of 1989 (Public Law 101–240; 103 Stat. 2521) is amended by adding at the end the following:

**"PART C—CLEAN ENERGY TECHNOLOGY DEPLOYMENT IN DEVELOPING COUNTRIES**

**"SEC. 731. DEFINITIONS.**

''In this part:

''(1) CLEAN ENERGY TECHNOLOGY.—The term 'clean energy technology' means an energy supply or end-use technology that, over its lifecycle and compared to a similar technology already in commercial use in any developing country—

''(A) is reliable, affordable, economically viable, socially acceptable, and compatible with the needs and norms of the host country;

''(B) results in—

''(i) reduced emissions of greenhouse gases; or

''(ii) increased geological sequestration; and

''(C) may—

''(i) substantially lower emissions of air pollutants; and

''(ii) generate substantially smaller or less hazardous quantities of solid or liquid waste.

''(2) DEPARTMENT.—The term 'Department' means the Department of State.

''(3) DEVELOPING COUNTRY.—

''(A) IN GENERAL.—The term 'developing country' means any country not listed in Annex I of the United Nations Framework Convention on Climate Change, done at New York on May 9, 1992.

''(B) INCLUSION.—The term 'developing country' may include a country with an economy in transition, as determined by the Secretary.

''(4) GEOLOGICAL SEQUESTRATION.—The term 'geological sequestration' means the capture and long-term storage in a geological formation of a greenhouse gas from an energy producing facility, which prevents the release of greenhouse gases into the atmosphere.

''(5) INTERAGENCY WORKING GROUP.—The term 'Interagency Working Group' means the Interagency Working Group on Clean Energy Technology Exports established under section 732(b)(1)(A).

''(6) QUALIFYING PROJECT.—The term 'qualifying project' means a project meeting the criteria established under section 735(b).

''(7) SECRETARY.—The term 'Secretary' means the Secretary of State.

''(8) STRATEGY.—The term 'Strategy' means the strategy established under section 733.

''(9) TASK FORCE.—The term 'Task Force' means the Task Force on International Clean Energy Cooperation established under section 732(a).

''(10) UNITED STATES.—The term 'United States', when used in a geographical sense, means all of the States.

**"SEC. 732. ORGANIZATION.**

''(a) TASK FORCE.—

''(1) ESTABLISHMENT.—Not later than 90 days after the date of enactment of this part, the President shall establish a Task Force on International Clean Energy Cooperation.

''(2) COMPOSITION.—The Task Force shall be composed of—

''(A) the Secretary and the Secretary of Energy, who shall serve jointly as Co-Chairpersons; and

''(B) representatives, appointed by the head of the respective Federal agency, of—

''(i) the Department of Commerce;

''(ii) the Department of the Treasury;

''(iii) the Environmental Protection Agency;

''(iv) the United States Agency for International Development;

''(v) the Export-Import Bank;

''(vi) the Overseas Private Investment Corporation;

''(vii) the Trade and Development Agency;

''(viii) the Small Business Administration;

''(ix) the Office of United States Trade Representative; and

''(x) other Federal agencies, as determined by the President.

''(3) DUTIES.—

''(A) LEAD AGENCY.—The Task Force shall act as the lead agency in the development and implementation of strategy under section 733.

''(B) COORDINATION AND IMPLEMENTATION.—The Task Force shall support the coordination and implementation of programs under sections 1331, 1332, and 1608 of the Energy Policy Act of 1992 (42 U.S.C. 13361, 13362, 13387).

''(4) TERMINATION.—The Task Force, including any working group established by the Task Force, shall terminate on January 1, 2016.

''(b) WORKING GROUPS.—

''(1) ESTABLISHMENT.—The Task Force—

''(A) shall establish an Interagency Working Group on Clean Energy Technology Exports; and

''(B) may establish other working groups as necessary to carry out this part.

''(2) COMPOSITION OF INTERAGENCY WORKING GROUP.—The Interagency Working Group shall be composed of—

''(A) the Secretary of Energy, the Secretary of Commerce, and the Administrator of the United States Agency for International Development, who shall jointly serve as Co-Chairpersons; and

''(B) other members, as determined by the Task Force.

''(c) INTERAGENCY CENTER.—

''(1) ESTABLISHMENT.—There is established an Interagency Center in the Office of International Energy Market Development of the Department of Energy.

''(2) DUTIES.—The Interagency Center shall—

''(A) assist the Interagency Working Group in carrying out this part; and

''(B) perform such other duties as are determined to be appropriate by the Secretary of Energy.

**"SEC. 733. STRATEGY.**

''(a) INITIAL STRATEGY.—

''(1) IN GENERAL.—Not later than 1 year after the date of enactment of this part, the Task Force shall develop and submit to the President a Strategy to—

''(A) support the development and implementation of programs and policies in developing countries to promote the adoption of clean energy technologies and energy efficiency technologies and strategies, with an emphasis on those developing countries that are expected to experience the most significant growth in energy production and use over the next 20 years;

''(B) open and expand clean energy technology markets and facilitate the export of clean energy technology to developing countries, in a manner consistent with the subsidy codes of the World Trade Organization;

''(C) integrate into the foreign policy objectives of the United States the promotion of—

''(i) clean energy technology deployment and reduced greenhouse gas emissions in developing countries; and

''(ii) clean energy technology exports;

''(D) establish a pilot program that provides financial assistance for qualifying projects; and

''(E) develop financial mechanisms and instruments (including securities that mitigate the political and foreign exchange risks of uses that are consistent with the foreign policy of the United States by combining the private sector market and government enhancements) that—

''(i) are cost-effective; and

''(ii) facilitate private capital investment in clean energy technology projects in developing countries.

''(2) TRANSMISSION TO CONGRESS.—On receiving the Strategy from the Task Force

under paragraph (1), the President shall transmit to Congress the Strategy.

''(b) UPDATES.—

''(1) IN GENERAL.—Not later than 2 years after the date of submission of the initial Strategy under subsection (a)(1), and every 2 years thereafter—

''(A) the Task Force shall—

''(i) review and update the Strategy; and

''(ii) report the results of the review and update to the President; and

''(B) the President shall submit to Congress a report on the Strategy.

''(2) INCLUSIONS.—The report shall include—

''(A) the updated Strategy;

''(B) a description of the assistance provided under this part;

''(C) the results of the pilot projects carried out under this part, including a comparative analysis of the relative merits of each pilot project;

''(D) the activities and progress reported by developing countries to the Department under section 736(b)(2); and

''(E) the activities and progress reported towards meeting the goals established under section 736(b)(2).

''(c) CONTENT.—In developing, updating, and submitting a report on the Strategy, the Task Force shall—

''(1) assess—

''(A) energy trends, energy needs, and potential energy resource bases in developing countries; and

''(B) the implications of the trends and needs for domestic and global economic and security interests;

''(2) analyze technology, policy, and market opportunities for international development, demonstration, and deployment of clean energy technologies and strategies;

''(3) examine relevant trade, tax, finance, international, and other policy issues to assess what policies, in the United States and in developing countries, would help open markets and improve clean energy technology exports of the United States in support of—

''(A) enhancing energy innovation and cooperation, including energy sector and market reform, capacity building, and financing measures;

''(B) improving energy end-use efficiency technologies (including buildings and facilities) and vehicle, industrial, and co-generation technology initiatives; and

''(C) promoting energy supply technologies, including fossil, nuclear, and renewable technology initiatives;

''(4) investigate issues associated with building capacity to deploy clean energy technology in developing countries, including—

''(A) energy-sector reform;

''(B) creation of open, transparent, and competitive markets for clean energy technologies;

''(C) the availability of trained personnel to deploy and maintain clean energy technology; and

''(D) demonstration and cost-buydown mechanisms to promote first adoption of clean energy technology;

''(5) establish priorities for promoting the diffusion and adoption of clean energy technologies and strategies in developing countries, taking into account economic and security interests of the United States and opportunities for the export of technology of the United States;

''(6) identify the means of integrating the priorities established under paragraph (5) into bilateral, multilateral, and assistance activities and commitments of the United States;

''(7) establish methodologies for the measurement, monitoring, verification, and reporting under section 736(b)(2) of the greenhouse gas emission impacts of clean energy projects and policies in developing countries;

''(8) establish a registry that is accessible to the public through electronic means (including through the Internet) in which information reported under section 736(b)(2) shall be collected;

''(9) make recommendations to the heads of appropriate Federal agencies on ways to streamline Federal programs and policies to improve the role of the agencies in the international development, demonstration, and deployment of clean energy technology;

''(10) make assessments and recommendations regarding the distinct technological, market, regional, and stakeholder challenges necessary to deploy clean energy technology;

''(11) recommend conditions and criteria that will help ensure that funds provided by the United States promote sound energy policies in developing countries while simultaneously opening their markets and exporting clean energy technology of the United States;

''(12) establish an advisory committee, composed of representatives of the private sector and other interested groups, on the export and deployment of clean energy technology;

''(13) establish a coordinated mechanism for disseminating information to the private sector and the public on clean energy technologies and clean energy technology transfer opportunities; and

''(14) monitor the progress of each Federal agency in promoting the purposes of this part, in accordance with—

''(A) the 5-year strategic plan submitted to Congress in October 2002; and

''(B) other applicable law.

''(d) ONGOING ACTIVITIES.—Existing activities and interagency management efforts underway by Task Force members shall be recognized as contributing to the initial Strategy.

**''SEC. 734. CLEAN ENERGY ASSISTANCE TO DEVELOPING COUNTRIES.**

''(a) IN GENERAL.—Subject to section 736, the Secretary may provide assistance to developing countries for activities that are consistent with the priorities established in the Strategy.

''(b) ASSISTANCE.—The assistance may be provided through—

''(1) the Millennium Challenge Corporation established under section 604(a) of the Millennium Challenge Act of 2003 (22 U.S.C. 7703(a));

''(2) the Global Village Energy Partnership; and

''(3) other international assistance programs or activities of—

''(A) the Department;

''(B) the United States Agency for International Development; and

''(C) other Federal agencies.

''(c) ELIGIBLE ACTIVITIES.—The activities supported under this section include—

''(1) development of national action plans and policies to—

''(A) facilitate the provision of clean energy services and the adoption of energy efficiency measures;

''(B) identify linkages between the use of clean energy technologies and the provision of agricultural, transportation, water, health, educational, and other development-related services; and

''(C) integrate the use of clean energy technologies into national strategies for economic growth, poverty reduction, and sustainable development;

''(2) strengthening of public and private sector capacity to—

''(A) assess clean energy needs and options;

''(B) identify opportunities to reduce, avoid, or sequester greenhouse gas emissions;

''(C) establish enabling policy frameworks;

''(D) develop and access financing mechanisms; and

''(E) monitor progress in implementing clean energy and greenhouse gas reduction strategies;

''(3) enactment and implementation of market-favoring measures to promote commercial-based energy service provision and to improve the governance, efficiency, and financial performance of the energy sector; and

''(4) development and use of innovative public and private mechanisms to catalyze and leverage financing for clean energy technologies, including use of the development credit authority of the United States Agency for International Development and credit enhancements through the Export-Import Bank and the Overseas Private Investment Corporation.

**''SEC. 735. PILOT PROGRAM FOR DEMONSTRATION PROJECTS.**

''(a) IN GENERAL.—Not later than 2 years after the date of enactment of this part, the Secretary of Energy and the Administrator of the United States Agency for International Development, in consultation with the Secretary, shall, by regulation, establish a pilot program that provides financial assistance for qualifying projects consistent with the Strategy and the performance criteria established under section 736.

''(b) QUALIFYING PROJECTS.—To be qualified to receive assistance under this section, a project shall—

''(1) be a project—

''(A) to construct an energy production facility in a developing country for the production of energy to be consumed in the developing country; or

''(B) to improve the efficiency of energy use in a developing country;

''(2) be a project that—

''(A) is submitted by a firm of the United States to the Secretary in accordance with procedures established by the Secretary by regulation;

''(B) meets the requirements of section 1608(k) of the Energy Policy Act of 1992 (42 U.S.C. 13387(k));

''(C) uses technology that has been successfully developed or deployed in the United States; and

''(D) is selected by the Secretary without regard to the developing country in which the project is located, with notice of the selection published in the Federal Register; and

''(3) when deployed, result in a greenhouse gas emission reduction (when compared to the technology that would otherwise be deployed) of at least—

''(A) in the case of a unit or energy-efficiency measure placed in service during the period beginning on the date of enactment of this part and ending on December 31, 2009, 20 percentage points;

''(B) in the case of a unit or energy-efficiency measure placed in service during the period beginning on January 1, 2010, and ending on December 31, 2019, 40 percentage points; and

''(C) in the case of a unit or energy-efficiency measure placed in service after December 31, 2019, 60 percentage points.

''(c) FINANCIAL ASSISTANCE.—

''(1) IN GENERAL.—For each qualifying project selected by the Secretary to participate in the pilot program, the Secretary shall make a loan or loan guarantee available for not more than 50 percent of the total cost of the project.

''(2) INTEREST RATE.—The interest rate on a loan made under this subsection shall be

equal to the current average yield on outstanding obligations of the United States with remaining periods of maturity comparable to the maturity of the loan.

''(3) HOST COUNTRY CONTRIBUTION.—To be eligible for a loan or loan guarantee for a project in a host country under this subsection, the host country shall—

''(A) make at least a 10 percent contribution toward the total cost of the project; and

''(B) verify to the Secretary (using the methodology established under section 733(c)(7)) the quantity of annual greenhouse gas emissions reduced, avoided, or sequestered as a result of the deployment of the project.

''(4) CAPACITY BUILDING RESEARCH.—

''(A) IN GENERAL.—A proposal made for a qualifying project may include a research component intended to build technological capacity within the host country.

''(B) RESEARCH.—To be eligible for a loan or loan guarantee under this paragraph, the research shall—

''(i) be related to the technology being deployed; and

''(ii) involve—

''(I) an institution in the host country; and

''(II) a participant from the United States that is an industrial entity, an institution of higher education, or a National Laboratory.

''(C) HOST COUNTRY CONTRIBUTION.—To be eligible for a loan or loan guarantee for research in a host country under this paragraph, the host country shall make at least a 50 percent contribution toward the total cost of the research.

''(5) GRANTS.—

''(A) IN GENERAL.—The Secretary, in consultation with the Secretary of Energy and the Administrator of the United States Agency for International Development, may, at the request of the United States ambassador to a host country, make grants to help address and overcome specific, urgent, and unforeseen obstacles in the implementation of a qualifying project.

''(B) MAXIMUM AMOUNT.—The total amount of a grant made for a qualifying project under this paragraph may not exceed $1,000,000.

**''SEC. 736. PERFORMANCE CRITERIA FOR MAJOR ENERGY CONSUMERS.**

''(a) IDENTIFICATION OF MAJOR ENERGY CONSUMERS.—Not later than 1 year after the date of enactment of this part, the Task Force shall identify those developing countries that, by virtue of present and projected energy consumption, represent the predominant share of energy use among developing countries.

''(b) PERFORMANCE CRITERIA.—As a condition of accepting assistance provided under sections 734 and 735, any developing country identified under subsection (a) shall—

''(1) meet the eligibility criteria established under section 607 of the Millennium Challenge Act of 2003 (22 U.S.C. 7706), notwithstanding the eligibility of the developing country as a candidate country under section 606 of that Act (22 U.S.C. 7705); and

''(2) agree to establish and report on progress in meeting specific goals for reduced energy-related greenhouse gas emissions and specific goals for—

''(A) increased access to clean energy services among unserved and underserved populations;

''(B) increased use of renewable energy resources;

''(C) increased use of lower greenhouse gas-emitting fossil fuel-burning technologies;

''(D) more efficient production and use of energy;

''(E) greater reliance on advanced energy technologies;

''(F) the sustainable use of traditional energy resources; or

''(G) other goals for improving energy-related environmental performance, including the reduction or avoidance of local air and water quality and solid waste contaminants.

**''SEC. 737. AUTHORIZATION OF APPROPRIATIONS.**

''There are authorized to be appropriated such sums as are necessary to carry out this part for each of fiscal years 2006 through 2015.''.

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**SA 869.** Mr. BYRD (for himself, Mrs. LINCOLN, Mr. ROCKEFELLER, Mr. HARKIN, and Mr. PRYOR) proposed an amendment to the bill H.R. 6, to ensure jobs for our future with secure, affordable, and reliable energy; as follows:

At the appropriate place insert the following:

**SEC. ____. INCOME TAX EXCLUSION FOR CERTAIN FUEL COSTS OF RURAL CARPOOLS.**

(a) IN GENERAL.—Section 132(f)(1) of the Internal Revenue Code of 1986 (defining qualified transportation fringe) is amended by adding at the end the following new subparagraph:

''(D) Fuel expenses for a highway vehicle of any employee who meets the rural carpool requirements of paragraph (8).''.

(b) LIMITATION ON EXCLUSION.—Section 132(f)(2) of such Code (relating to limitation on exclusion) 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) $50 per month in the case of the benefit described in subparagraph (D).''.

(c) RURAL CARPOOL REQUIREMENTS.—Section 132(f) of such Code is amended by adding at the end the following new paragraph:

''(8) REQUIREMENTS FOR EMPLOYEES PARTICIPATING IN RURAL CARPOOLS.—

''(A) IN GENERAL.—The requirements of this paragraph are met if an employee—

''(i) is an employee of an employer described in subparagraph (B),

''(ii) certifies to such employer that—

''(I) such employee resides in a rural area (as defined by the Bureau of the Census),

''(II) such employee is not eligible to claim any qualified transportation fringe described in subparagraph (A) or (B) of paragraph (1) if provided by such employer,

''(III) such employee uses the employee's highway vehicle when traveling between the employee's residence and place of employment, and

''(IV) for at least 75 percent of the total mileage of such travel, the employee is accompanied by 1 or more employees of such employer, and

''(iii) agrees to notify such employer when any subclause of clause (ii) no longer applies.

''(B) EMPLOYER DESCRIBED.—An employer is described in this subparagraph if the business premises of such employer which serve as the place of employment of the employee are located in an area which is not accessible by a transit system designed primarily to provide daily work trips within a local commuting area.''.

(d) NO EXCLUSION FOR EMPLOYMENT TAXES.—Section 3121(a)(20) of such Code (defining wages) is amended by inserting ''(except by reason of subsection (f)(1)(D) thereof)'' after ''or 132''.

(e) EFFECTIVE DATE.—The amendments made by this section shall apply to expenses incurred on and after the date of the enactment of this Act and before January 1, 2007.

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**SA 870.** Mrs. BOXER submitted an amendment intended to be proposed by her to the bill H.R. 6, to ensure jobs for our future with secure, affordable, and reliable energy; as follows:

At the appropriate place, insert the following:

Amendment to be proposed by Mrs. Boxer.

**SEC. . FINAL ACTION ON REFUNDS FOR EXCESSIVE CHARGES.**

(a) FINDINGS.—Congress finds that—

(1) The state of California experienced an energy crisis;

(2) FERC issued an order requiring a refund of the portion of charges on the sale of electric energy that was unjust or unreasonable during that crisis;

(3) As of the date of enactment of this act, none of the refunds ordered to date have been received by the state of California; and

(4) the Commission has ruled that the state of California is entitled to approximately $3 billion in refunds; the state of California maintains that that $8.9 billion in refunds is owed.

(b) FERC shall—

(1) seek to conclude its investigation into the unjust or unreasonable charges incurred by California during the 2000–2001 electricity crisis as soon as possible;

(2) seek to ensure that refunds the Commission determines are owed to the State of California are paid to the state of California; and

(3) submit to Congress a report by December 31, 2005 describing the actions taken by the Commission to date under this section and timetables for further actions.

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**SA 871.** Mr. REID (for himself and Mr. ENSIGN) submitted an amendment intended to be proposed by him to the bill H.R. 6, to ensure jobs for our future with secure, affordable, and reliable energy; which was ordered to lie on the table; as follows:

At the appropriate place, insert the following:

**''SECTION . WHISTLEBLOWER PROTECTION FOR EMPLOYEES OF THE DEPARTMENT OF ENERGY AND THE NUCLEAR REGULATORY COMMISSION.**

(a) DEFINITION OF EMPLOYER—Section 211(a)(2) of the Energy Reorganization Act of 1974 (42 U.S.C. 5851(a)(2)) is amended—

(1) in subparagraph (C), by striking 'and' at the end;

(2) in subparagraph (D), by striking 'that is indemnified' and all that follows through '12344.'; and

(3) by adding at the end the following:

'(E) the Department of Energy.'.

(b) DE NOVO JUDICIAL DETERMINATION—Section 211(b) of the Energy Reorganization Act of 1974 (42 U.S.C. 5851 (b)) is amended by adding at the end the following:

'(4) DE NOVO JUDICIAL DETERMINATION—If the Secretary does not issue a final decision within 180 days after the filing of a complaint under paragraph (1) and the Secretary does not show that the delay is caused by the bad faith of the claimant, the claimant may bring a civil action in United States district court for a determination of the claim by the court de novo.'.

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**SA 872.** Mr. MARTINEZ (for himself and Mr. JOHNSON) submitted an amendment intended to be proposed by him to the bill H.R. 6, to ensure jobs for our future with secure, affordable, and reliable energy; which was ordered to lie on the table; as follows:

Beginning on page 692, strike line 20 and all that follows through page 693, line 13, and insert the following:

(3) ELECTRIC CONSUMER; ELECTRIC UTILITY.—

(A) IN GENERAL.—The terms ''electric consumer'' and ''electric utility'' have the meanings given those terms in section 3 of the Public Utility Regulatory Policies Act of 1978 (16 U.S.C. 2602).

(B) EXCLUSION.—The term ''electric utility'' does not include any financial institution (as defined in section 509 of the Gramm-Leach-Bliley Act (15 U.S.C. 6809)).

(b) PRIVACY.—

(1) RULES.—The Commission may issue rules protecting the privacy of electric consumers from disclosure by an electric utility of consumer information obtained in connection with the sale or delivery of electric energy to electric consumers.

(2) EFFECT OF RULES.—Rules issued under paragraph (1) shall not affect, alter, limit, interfere with, or otherwise regulate the provision of information by an electric utility to a consumer reporting agency (as defined in section 603 of the Fair Credit Reporting Act (15 U.S.C. 1681a)).

(c) SLAMMING.—The Commission may issue rules prohibiting the change of selection of an electric utility except with the informed consent of the electric consumer or if approved by the appropriate State regulatory authority.

(d) CRAMMING.—The Commission may issue rules prohibiting the sale of goods and services by an electric utility to an electric consumer unless expressly authorized by law or the electric consumer.

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**SA 873.** Mr. SUNUNU (for himself and Mr. WYDEN) submitted an amendment intended to be proposed by him to the bill H.R. 6, to ensure jobs for our future with secure, affordable, and reliable energy; which was ordered to lie on the table; as follows:

Beginning on page 756, strike line 1 and all that follows through page 768, line 20.

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**SA 874.** Mr. SUNUNU submitted an amendment intended to be proposed by him to the bill H.R. 6, to ensure jobs for our future with secure, affordable, and reliable energy; which was ordered to lie on the table; as follows:

Beginning on page 328, strike line 13 and all that follows through page 342, line 19.

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**SA 875.** Mr. SUNUNU submitted an amendment intended to be proposed by him to the bill H.R. 6, to ensure jobs for our future with secure, affordable, and reliable energy; which was ordered to lie on the table; as follows:

Beginning on page 503, strike line 10 and all that follows through page 523, line 13.

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**SA 876.** Mr. INOUYE (for himself and Mr. AKAKA) submitted an amendment intended to be proposed by him to the bill H.R. 6, to ensure jobs for our future with secure, affordable, and reliable energy; which was ordered to lie on the table; as follows:

At the appropriate place insert the following:

**SEC. ___. EXCEPTION FROM VOLUME CAP FOR CERTAIN COOLING FACILITIES.**

(a) IN GENERAL.—Section 146 of the Internal Revenue Code of 1986 (relating to volume cap) is amended by redesignating subsections (i) through (n) as subsections (j) through (o), respectively, and by inserting after subsection (h) the following:

''(i) EXCEPTION FOR FACILITIES USED TO COOL STRUCTURES WITH OCEAN WATER, ETC..—

''(1) IN GENERAL.—Only for purposes of this section, the term 'private activity bond' shall not include any exempt facility bond described in section 142(a)(9) which is issued as part of an issue to finance any project which is designed to access deep water renewable thermal energy for district cooling to provide building air conditioning (including any distribution piping, pumping, and chiller facilities).

''(2) LIMITATION.—Paragraph (1) shall apply only to bonds with a face amount of not more than $75,000,000 with respect to any project described in such paragraph.''.

(b) EFFECTIVE DATE.—The amendments made by this section shall apply to projects placed in service after the date of enactment of this Act and before July 1, 2008.

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**SA 877.** Mr. VITTER submitted an amendment intended to be proposed by him to the bill H.R. 6, to ensure jobs for our future with secure, affordable, and reliable energy; which was ordered to lie on the table; as follows:

On page 327, after line 21, add the following:

**SEC. 390. DEEPWATER PORTS.**

Section 4(c) of the Deepwater Port Act of 1974 (33 U.S.C. 1503(c)) is amended by striking paragraphs (8) and (9) and inserting the following:

''(8) the Governor of each adjacent coastal State under section 9 approves, or is presumed to approve, the issuance of the license; and

''(9) as of the date on which the application for a license is submitted, the adjacent coastal State to which the deepwater port is to be directly connected by pipeline has developed, or is making reasonable progress toward developing, as determined in accordance with section 9(c), an approved coastal zone management program under the Coastal Zone Management Act of 1972 (16 U.S.C. 1451 et seq.).''.

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**SA 878.** Mr. KYL submitted an amendment intended to be proposed by him to the bill H.R. 6, to ensure jobs for our future with secure, affordable, and reliable energy; which was ordered to lie on the table; as follows:

On page 635, line 17, strike ''$100,000,000'' and insert ''$500,000,000''.

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**SA 879.** Mr. KYL submitted an amendment intended to be proposed by him to the bill H.R. 6, to ensure jobs for our future with secure, affordable, and reliable energy; which was ordered to lie on the table; as follows:

On page 635, line 17, strike ''$100,000,000'' and insert ''$1,000,000,000''.

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**SA 880.** Mr. KYL submitted an amendment intended to be proposed by him to the bill H.R. 6, to ensure jobs for our future with secure, affordable, and reliable energy; which was ordered to lie on the table; as follows:

At the appropriate place in subtitle A of title II, insert the following:

**SEC. 2___. STATE EXEMPTION FROM SEASONALITY REQUIREMENTS.**

Section 211(o)(6) of the Clean Air Act (as amended by section 205) is amended in subparagraph (F) by adding before the period at the end the following: ''or any State that receives over 50 percent of its fuel from a State that receives a waiver under that section''.

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**SA 881.** Mr. PRYOR submitted an amendment intended to be proposed by him to the bill H.R. 6, to ensure jobs for our future with secure, affordable, and reliable energy; which was ordered to lie on the table; as follows:

At the appropriate place, insert the following:

**SEC. ___. WEATHERIZATION ASSISTANCE CREDIT.**

(a) IN GENERAL.—Subpart D of Part III of subchapter A of chapter 1 of the Internal Revenue Code of 1986 (relating to business related credits), as amended by this Act, is amended by inserting after section 45N the following new section:

**''SEC. 45O. WEATHERIZATION ASSISTANCE CREDIT.**

''(a) GENERAL RULE.—For purposes of section 38, in the case of a utility, the amount of the weatherization assistance credit determined under this section for the taxable year shall be an amount equal to 20 percent of the qualified weatherization assistance expenses.

''(b) DEFINITIONS.—For purposes of this section:

''(1) WEATHERIZATION ASSISTANCE EXPENSES.—The term 'weatherization assistance expenses' means amounts—

''(A) paid by the taxpayer—

''(i) to an entity that is described in section 415(b)(2) of the Energy Conservation and Production Act (42 U.S.C. 6865(b)(2)), that receives funds from the Department of Energy Weatherization Assistance Program as such an entity, and that uses the taxpayer's amounts for the installation of energy efficiency improvements in residences of low-income individuals for purposes of section 415(a)(2) of the Energy Conservation and Production Act (42 U.S.C. 6865(a)(2)), as administered by the Department of Energy, or

''(ii) to a State weatherization agency for use by such agency in its program that enhances or extends the Department of Energy's program described in subparagraph (A), and

''(B) certified to the taxpayer by a State weatherization agency as paid to one or more entities described in subparagraph (A)(i) or to such agency described in subparagraph (A)(ii).

''(2) QUALIFIED WEATHERIZATION ASSISTANCE EXPENSES.—The term 'qualified weatherization assistance expenses' means—

''(A) with respect to the first 5 taxable years ending after the date of enactment of this section, the weatherization assistance expenses for each such year, and

''(B) with respect to a taxable year after the fifth taxable year ending after the date of enactment of this section, the excess (if any) of the weatherization assistance expenses for such year over the weatherization assistance expenses for the fifth taxable year preceding such year.

''(3) UTILITY.—The term 'utility' means a corporation that is engaged in the sale of electric energy or gas and is described in section 7701(a)(33)(A).

''(4) STATE WEATHERIZATION AGENCY.—The term 'State weatherization agency' means the department, agency, board, or other entity of a State that is authorized by such State to administer the weatherization program described in section 415 of the Energy Conservation and Production Act (42 U.S.C. 6865).

''(c) REGULATIONS.—The Secretary shall prescribe regulations necessary to carry out the purposes of this section.''.

(b) CREDIT TREATED AS PART OF GENERAL BUSINESS CREDIT.—Section 38(b) of the Internal Revenue Code of 1986 (relating to current year business credit), as amended by this Act, is amended by striking ''plus'' at the end of paragraph (23), striking the period at the end of paragraph (24), and inserting '', plus'' and by inserting after paragraph (24) the following new paragraph:

''(25) the weatherization assistance credit determined under section 45O(a).''.

(c) CONFORMING AMENDMENT.—The table of sections for Subpart D of Part III of subchapter A of chapter 1 of the Internal Revenue Code of 1986 (relating to business related credits), as amended by this Act, is

amended by adding after the item relating to section 45N the following new item:

''45O. Weatherization assistance credit.''.

(d) EFFECTIVE DATE.—The amendments made by this section shall apply to weatherization assistance expenses (within the meaning of section 45O of the Internal Revenue Code of 1986) paid or incurred in taxable years ending after the date of enactment of this Act.

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**SA 882.** Mr. DODD (for himself and Mr. LIEBERMAN) submitted an amendment intended to be proposed by him to the bill H.R. 6, to ensure jobs for our future with secure, affordable, and reliable energy; which was ordered to lie on the table; as follows:

On page 659, between lines 3 and 4, insert the following:

**SEC. 1243. SENSE OF THE SENATE REGARDING LOCATIONAL INSTALLED CAPACITY MECHANISM.**

(a) FINDINGS.—The Senate finds that—

(1) as of the date of enactment of this Act, the States of New England have been litigating a proposal to develop and implement a specific type of locational installed capacity mechanism in New England before the Federal Energy Regulatory Commission; and

(2) the Governors of those States have objected to the proposed locational installed capacity mechanism of the Commission because the Governors believe that the mechanism—

(A) does not provide any assurance that needed generation will be built in the right place at the right time;

(B) is not linked to any long-term commitment from generators to provide energy;

(C) is extremely expensive for the region; and

(D) does not recognize efforts by the States of New England to propose alternative solutions through the creation of a regional State commission.

(b) SENSE OF THE SENATE.—It is the sense of the Senate that the Federal Energy Regulatory Commission should suspend the pending locational installed capacity proceeding and allow the States of New England to propose alternatives to the locational installed capacity mechanism that have less regional economic impact and more certainty of providing the necessary generation capacity and reliability.

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**SA 883.** Mr. BINGAMAN submitted an amendment intended to be proposed by him to the bill H.R. 6, to ensure jobs for our future with secure, affordable, and reliable energy; which was ordered to lie on the table; as follows:

On page 310, strike line 25 and insert the following:

repaid or reobligated for authorized uses.

''(3) LIMITATION.—Not more than 23 percent of amounts received by a producing State or coastal political subdivision for any 1 fiscal year shall be used for the purposes described in subparagraphs (C) and (E) of paragraph (1).''.

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**SA 884.** Mr. ROCKEFELLER (for himself, Mr. BINGAMAN, and Mr. BUNNING) submitted an amendment intended to be proposed by him to the bill H.R. 6, to ensure jobs for our future with secure, affordable, and reliable energy; which was ordered to lie on the table; as follows:

At the appropriate place, insert the following:

**SEC. ___. CREDIT FOR INTANGIBLE DRILLING COSTS.**

(a) IN GENERAL.—Subpart D of part IV of subchapter A of chapter 1 of the Internal Revenue Code of 1986 (relating to business related credits), as amended by this Act, is amended by adding at the end the following new section:

**''SEC. 45O. INTANGIBLE DRILLING COSTS CREDIT.**

''(a) IN GENERAL.—For purposes of section 38, the intangible drilling costs credit for the taxable year is an amount equal to 15 percent of the intangible drilling costs (within the meaning of section 263(c)) paid or incurred during the taxable year in connection with each qualifying natural gas well.

''(b) LIMITATION.—The aggregate amount of credit allowed under this section for all taxable years shall not exceed $50,000 with respect to any qualifying natural gas well.

''(c) QUALIFYING NATURAL GAS WELL.—For purposes of this section, the term 'qualifying natural gas well' means a natural gas well—

''(1) which is placed in service before the date that is 3 years after the date of the enactment of this section,

''(2) which produces a qualified fuel (as defined in section 29(c)), and

''(3) the basis of which is $200,000 or greater.

''(d) DENIAL OF DOUBLE BENEFIT.—No deduction shall be allowed under section 263(c) for any cost for which a credit is allowed under this section.''.

(b) CREDIT TREATED AS PART OF GENERAL BUSINESS CREDIT.—Section 38(b) of the Internal Revenue Code of 1986 (relating to general business credit), as amended by this Act, is amended by striking ''plus'' at the end of paragraph (23), by striking the period at the end of paragraph (24) and inserting '', plus'', and by adding at the end the following new paragraph:

''(25) the intangible drill costs credit determined under section 45O.''.

(c) NO CARRYBACK OF CREDIT.—Section 39 of the Internal Revenue Code of 1986 (relating to carryback and carryforward of unused credit) is amended by adding at the end the following new subsection:

''(e) SPECIAL RULE FOR INTANGIBLE DRILLING COSTS CREDIT.—No portion of the unused credit which is attributable to the intangible drilling costs credit under section 45O may be taken into account under section 38(a)(3).''.

(d) CLERICAL AMENDMENT.—The table of sections for subpart D of part IV of subchapter A of chapter 1 of the Internal Revenue Code of 1986, as amended by this Act, is amended by inserting after the item relating to section 45N the following new item:

''Sec. 45O. Intangible drilling costs credit.''.

(e) EFFECTIVE DATE.—The amendments made by this section shall apply to taxable years beginning after the date of the enactment of this Act.

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**SA 885.** Ms. CANTWELL (for herself, Mr. GRAHAM, Mrs. MURRAY, Mr. SMITH, Mr. BINGAMAN, and Mr. COLEMAN) submitted an amendment intended to be proposed by her to the bill H.R. 6, to ensure jobs for our future with secure, affordable, and reliable energy; which was ordered to lie on the table; as follows:

At the appropriate place, insert the following:

**SEC. ___. THREE-YEAR APPLICABLE RECOVERY PERIOD FOR DEPRECIATION OF QUALIFIED ENERGY MANAGEMENT DEVICES.**

(a) IN GENERAL.—Section 168(e)(3)(A) (defining 3-year property) is amended by striking ''and'' at the end of clause (ii), by striking the period at the end of clause (iii) and inserting '', and'', and by adding at the end the following new clause:

''(iv) any qualified energy management device.''.

(b) DEFINITION OF QUALIFIED ENERGY MANAGEMENT DEVICE.—Section 168(i) (relating to definitions and special rules), as amended by this Act, is amended by inserting at the end the following new paragraph:

''(17) QUALIFIED ENERGY MANAGEMENT DEVICE.—

''(A) IN GENERAL.—The term 'qualified energy management device' means any energy management device which is placed in service before January 1, 2009, by a taxpayer who is a supplier of electric energy or a provider of electric energy services.

''(B) ENERGY MANAGEMENT DEVICE.—For purposes of subparagraph (A), the term 'energy management device' means any meter or metering device which is used by the taxpayer—

''(i) to measure and record electricity usage data on a time-differentiated basis in at least 4 separate time segments per day, and

''(ii) to provide such data on at least a monthly basis to both consumers and the taxpayer.''.

(c) ALTERNATIVE SYSTEM.—The table contained in section 168(g)(3)(B) is amended by inserting after the item relating to subparagraph (A)(iii) the following:

''(A)(iv) ..... 20''.

(d) EFFECTIVE DATE.—The amendments made by this section (other than subsection (e)) shall apply to property placed in service after December 31, 2005, in taxable years ending after such date.

(e) FREEZE OF INTEREST SUSPENSION RULES WITH RESPECT TO LISTED TRANSACTIONS.—

(1) IN GENERAL.—Paragraph (2) of section 903(d) of the American Jobs Creation Act of 2004 is amended to read as follows:

''(2) EXCEPTION FOR REPORTABLE OR LISTED TRANSACTIONS.—

''(A) IN GENERAL.—The amendments made by subsection (c) shall apply with respect to interest accruing after October 3, 2004.

''(B) SPECIAL RULE FOR CERTAIN LISTED TRANSACTIONS.—

''(i) IN GENERAL.—Except as provided in clause (ii) or (iii), in the case of any listed transaction, the amendments made by subsection (c) shall also apply with respect to interest accruing on or before October 3, 2004.

''(ii) PARTICIPANTS IN SETTLEMENT INITIATIVES.—Clause (i) shall not apply to a listed transaction if, as of May 9, 2005—

''(I) the taxpayer is participating in a published settlement initiative which is offered by the Secretary of the Treasury or his delegate to a group of similarly situated taxpayers claiming benefits from the listed transaction, or

''(II) the taxpayer has entered into a settlement agreement pursuant to such an initiative with respect to the tax liability arising in connection with the listed transaction.

Subclause (I) shall not apply to the taxpayer if, after May 9, 2005, the taxpayer withdraws from, or terminates, participation in the initiative or the Secretary or his delegate determines that a settlement agreement will not be reached pursuant to the initiative within a reasonable period of time.

''(iii) CLOSED TRANSACTIONS.—Clause (i) shall not apply to a listed transaction if, as of May 9, 2005—

''(I) the assessment of all Federal income taxes for the taxable year in which the tax liability to which the interest relates arose is prevented by the operation of any law or rule of law, or

''(II) a closing agreement under section 7121 has been entered into with respect to the tax liability arising in connection with the listed transaction.''.

(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.

**SA 886.** Mr. COCHRAN submitted an amendment intended to be proposed by him to the bill H.R. 6, to ensure jobs for our future with secure, affordable, and reliable energy; which was ordered to lie on the table; as follows:

On page 159, after line 23, add the following:

**SEC. 211. WASTE-DERIVED ETHANOL AND BIODIESEL.**

Section 312(f)(1) of the Energy Policy Act of 1992 (42 U.S.C. 13220(f)(1)) is amended—

(1) by striking '''biodiesel' means'' and inserting the following: '''biodiesel'—

''(A) means''; and

(2) in subparagraph (A) (as designated by paragraph (1)) by striking ''and'' at the end and inserting the following:

''(B) includes ethanol and biodiesel derived from—

''(i) animal wastes, including poultry fats and poultry wastes, and other waste materials; or

''(ii) municipal solid waste and sludges and oils derived from wastewater and the treatment of wastewater; and''.

**SA 887.** Mr. CHAMBLISS submitted an amendment intended to be proposed by him to the bill H.R. 6, to ensure jobs for our future with secure, affordable, and reliable energy; which was ordered to lie on the table; as follows:

At the appropriate place, insert:

**SEC. ___. ARBITRAGE RULES NOT TO APPLY TO PREPAYMENTS FOR NATURAL GAS.**

(a) IN GENERAL.—Section 148(b) of the Internal Revenue Code of 1986 (relating to higher yielding investments) is amended by adding at the end the following new paragraph:

''(4) SAFE HARBOR FOR PREPAID NATURAL GAS.—

''(A) IN GENERAL.—The term 'investment-type property' does not include a prepayment under a qualified natural gas supply contract.

''(B) QUALIFIED NATURAL GAS SUPPLY CONTRACT.—For purposes of this paragraph, the term 'qualified natural gas supply contract' means any contract to acquire natural gas for resale by or for a utility owned by a governmental unit if the amount of gas permitted to be acquired under the contract for the utility during any year does not exceed the sum of—

''(i) the annual average amount during the testing period of natural gas purchased (other than for resale) by customers of such utility who are located within the service area of such utility, and

''(ii) the amount of natural gas to be used to transport the prepaid natural gas to the utility during such year.

''(C) NATURAL GAS USED TO GENERATE ELECTRICITY.—Natural gas used to generate electricity shall be taken into account in determining the average under subparagraph (B)(i)—

''(i) only if the electricity is generated by a utility owned by a governmental unit, and

''(ii) only to the extent that the electricity is sold (other than for resale) to customers of such utility who are located within the service area of such utility.

''(D) ADJUSTMENTS FOR CHANGES IN CUSTOMER BASE.—

''(i) NEW BUSINESS CUSTOMERS.—If—

''(I) after the close of the testing period and before the date of issuance of the issue, the utility owned by a governmental unit enters into a contract to supply natural gas (other than for resale) for use by a business at a property within the service area of such utility, and

''(II) the utility did not supply natural gas to such property during the testing period or the ratable amount of natural gas to be supplied under the contract is significantly greater than the ratable amount of gas supplied to such property during the testing period,

then a contract shall not fail to be treated as a qualified natural gas supply contract by reason of supplying the additional natural gas under the contract referred to in subclause (I).

''(ii) OVERALL LIMITATION.—The average under subparagraph (B)(i) shall not exceed the annual amount of natural gas reasonably expected to be purchased (other than for resale) by persons who are located within the service area of such utility and who, as of the date of issuance of the issue, are customers of such utility.

''(E) RULING REQUESTS.—The Secretary may increase the average under subparagraph (B)(i) for any period if the utility owned by the governmental unit establishes to the satisfaction of the Secretary that, based on objective evidence of growth in natural gas consumption or population, such average would otherwise be insufficient for such period.

''(F) ADJUSTMENT FOR NATURAL GAS OTHERWISE ON HAND.—

''(i) IN GENERAL.—The amount otherwise permitted to be acquired under the contract for any period shall be reduced by—

''(I) the applicable share of natural gas held by the utility on the date of issuance of the issue, and

''(II) the natural gas (not taken into account under subclause (I)) which the utility has a right to acquire during such period (determined as of the date of issuance of the issue).

''(ii) APPLICABLE SHARE.—For purposes of clause (i), the term 'applicable share' means, with respect to any period, the natural gas allocable to such period if the gas were allocated ratably over the period to which the prepayment relates.

''(G) INTENTIONAL ACTS.—Subparagraph (A) shall cease to apply to any issue if the utility owned by the governmental unit engages in any intentional act to render the volume of natural gas acquired by such prepayment to be in excess of the sum of—

''(i) the amount of natural gas needed (other than for resale) by customers of such utility who are located within the service area of such utility, and

''(ii) the amount of natural gas used to transport such natural gas to the utility.

''(H) TESTING PERIOD.—For purposes of this paragraph, the term 'testing period' means, with respect to an issue, the most recent 5 calendar years ending before the date of issuance of the issue.

''(I) SERVICE AREA.—For purposes of this paragraph, the service area of a utility owned by a governmental unit shall be comprised of—

''(i) any area throughout which such utility provided at all times during the testing period—

''(I) in the case of a natural gas utility, natural gas transmission or distribution services, and

''(II) in the case of an electric utility, electricity distribution services,

''(ii) any area within a county contiguous to the area described in clause (i) in which retail customers of such utility are located if such area is not also served by another utility providing natural gas or electricity services, as the case may be, and

''(iii) any area recognized as the service area of such utility under State or Federal law.''.

(b) PRIVATE LOAN FINANCING TEST NOT TO APPLY TO PREPAYMENTS FOR NATURAL GAS.—Section 141(c)(2) of the Internal Revenue Code of 1986 (providing exceptions to the private loan financing test) 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 adding at the end the following new subparagraph:

''(C) is a qualified natural gas supply contract (as defined in section 148(b)(4)).''.

(c) CONFORMING AMENDMENT.—Section 141(d) of the Internal Revenue Code of 1986 is amended by adding at the end the following new paragraph:

''(7) EXCEPTION FOR QUALIFIED ELECTRIC AND NATURAL GAS SUPPLY CONTRACTS.—The term 'nongovernmental output property' shall not include any contract for the prepayment of electricity or natural gas which is not investment property under section 148(b)(2).''.

(d) EFFECTIVE DATE.—The amendment made by this section shall apply to obligations issued after December 31, 2005.

**SA 888.** Mr. INHOFE submitted an amendment intended to be proposed by him to the bill H.R. 6, to ensure jobs for our future with secure, affordable, and reliable energy; which was ordered to lie on the table; as follows:

At the end of title XV, add the following:

**SEC. 15___. STATE INCENTIVES FOR USE OF CLEAN COAL TECHNOLOGY.**

(a) DEFINITIONS.—In this section:

(1) COMPLIANCE FACILITY.—The term ''compliance facility'' means any facility that—

(A)(i) is designed, constructed, or installed, and used, at a coal-fired electric generation unit for the primary purpose of complying with acid rain control requirements established by title IV of Public Law 101–549 (commonly known as the ''Clean Air Act Amendments of 1990'') (42 U.S.C. 7651 et seq.); and

(ii) controls or limits emissions of sulfur or nitrogen compounds resulting from the combustion of coal through the removal or reduction of those compounds before, during, or after the combustion of the coal, but before the combustion products are emitted into the atmosphere;

(B)(i) removes sulfur compounds from coal before the combustion of the coal; and

(ii) is located off the premises of the electric generation facility at which the coal processed by the compliance facility is burned;

(C) includes a flue gas desulfurization system connected to a coal-fired electric generation unit; or

(D) includes facilities or equipment acquired, constructed, or installed, and used, at a coal-fired electric generating unit primarily for the purpose of handling—

(i) the byproducts produced by the compliance facility; or

(ii) other coal combustion byproducts produced by the electric generation unit in or to which the compliance facility is incorporated or connected.

(2) ELECTRIC UTILITY.—The term ''electric utility'' means any person (including any municipality) that generates, transmits, or distributes electric energy through the use of a coal-fired generating unit that contains, is attached to, or is used in conjunction with a compliance facility.

(b) CREDITS.—A State may provide to an electric utility a credit against any tax or fee owed to the State under a State law, in an amount calculated in accordance with a

formula to be determined by the State, for the use of coal mined from deposits in the State that is burned in a coal-fired electric generation unit that is owned or operated by the electric utility that receives the credit.

(c) EFFECT ON INTERSTATE COMMERCE.—Action taken by a State in accordance with this section—

(1) shall be considered to be a reasonable regulation of commerce as of the effective date of the action; and

(2) shall not be considered to impose an undue burden on interstate commerce or to otherwise impair, restrain, or discriminate against interstate commerce.

**SA 889.** Ms. SNOWE (for herself and Mr. STEVENS) submitted an amendment intended to be proposed by her to the bill H.R. 6, to ensure jobs for our future with secure, affordable, and reliable energy; which was ordered to lie on the table; as follows:

(The bill will be printed in a future edition of the RECORD.)

**SA 890.** Mr. SMITH submitted an amendment intended to be proposed by him to the bill H.R. 6, to ensure jobs for our future with secure, affordable, and reliable energy; which was ordered to lie on the table; as follows:

On page [154], strike line [24], and insert the following:

''SOLAR ENERGY PROPERTY.—Clause (i)''.

On page [155] lines [2 through 3], strike ''for use in a structure''.

**SA 891.** Mr. DOMENICI (for himself, Mr. BINGAMAN, Ms. LANDRIEU, Mr. VITTER, Mr. LOTT, Mr. COCHRAN, and Mrs. HUTCHISON) submitted an amendment intended to be proposed by him to the bill H.R. 6, to ensure jobs for our future with secure, affordable, and reliable energy; which was ordered to lie on the table; as follows:

Beginning on page 297, strike line 2 and all that follows through page 310, line 25, and insert the following:

**SEC. 371. COASTAL IMPACT ASSISTANCE PROGRAM.**

Section 31 of the Outer Continental Shelf Lands Act (43 U.S.C. 1356a) is amended to read as follows:

**''SEC. 31. COASTAL IMPACT ASSISTANCE PROGRAM.**

''(a) DEFINITIONS.—In this section:

''(1) COASTAL POLITICAL SUBDIVISION.—The term 'coastal political subdivision' means a political subdivision of a coastal State any part of which political subdivision is—

''(A) within the coastal zone (as defined in section 304 of the Coastal Zone Management Act of 1972 (16 U.S.C. 1453)) of the coastal State as of the date of enactment of the Energy Policy Act of 2005; and

''(B) not more than 200 nautical miles from the geographic center of any leased tract.

''(2) COASTAL POPULATION.—The term 'coastal population' means the population, as determined by the most recent official data of the Census Bureau, of each political subdivision any part of which lies within the designated coastal boundary of a State (as defined in a State's coastal zone management program under the Coastal Zone Management Act of 1972 (16 U.S.C. 1451 et seq.)).

''(3) COASTAL STATE.—The term 'coastal State' has the meaning given the term in section 304 of the Coastal Zone Management Act of 1972 (16 U.S.C. 1453).

''(4) COASTLINE.—The term 'coastline' has the meaning given the term 'coast line' in section 2 of the Submerged Lands Act (43 U.S.C. 1301).

''(5) DISTANCE.—The term 'distance' means the minimum great circle distance, measured in statute miles.

''(6) LEASED TRACT.—The term 'leased tract' means a tract that is subject to a lease under section 6 or 8 for the purpose of drilling for, developing, and producing oil or natural gas resources.

''(7) LEASING MORATORIA.—The term 'leasing moratoria' means the prohibitions on preleasing, leasing, and related activities on any geographic area of the outer Continental Shelf as contained in sections 107 through 109 of division E of the Consolidated Appropriations Act, 2005 (Public Law 108–447; 118 Stat. 3063).

''(8) POLITICAL SUBDIVISION.—The term 'political subdivision' means the local political jurisdiction immediately below the level of State government, including counties, parishes, and boroughs.

''(9) PRODUCING STATE.—

''(A) IN GENERAL.—The term 'producing State' means a coastal State that has a coastal seaward boundary within 200 nautical miles of the geographic center of a leased tract within any area of the outer Continental Shelf.

''(B) EXCLUSION.—The term 'producing State' does not include a producing State, a majority of the coastline of which is subject to leasing moratoria, unless production was occurring on January 1, 2005, from a lease within 10 nautical miles of the coastline of that State.

''(10) QUALIFIED OUTER CONTINENTAL SHELF REVENUES.—

''(A) IN GENERAL.—The term 'qualified Outer Continental Shelf revenues' means all amounts received by the United States from each leased tract or portion of a leased tract—

''(i) lying—

''(I) seaward of the zone covered by section 8(g); or

''(II) within that zone, but to which section 8(g) does not apply; and

''(ii) the geographic center of which lies within a distance of 200 nautical miles from any part of the coastline of any coastal State.

''(B) INCLUSIONS.—The term 'qualified Outer Continental Shelf revenues' includes bonus bids, rents, royalties (including payments for royalty taken in kind and sold), net profit share payments, and related late-payment interest from natural gas and oil leases issued under this Act.

''(C) EXCLUSION.—The term 'qualified Outer Continental Shelf revenues' does not include any revenues from a leased tract or portion of a leased tract that is located in a geographic area subject to a leasing moratorium on January 1, 2005, unless the lease was in production on January 1, 2005.

''(b) PAYMENTS TO PRODUCING STATES AND COASTAL POLITICAL SUBDIVISIONS.—

''(1) IN GENERAL.—The Secretary shall, without further appropriation, disburse to producing States and coastal political subdivisions in accordance with this section $250,000,000 for each of fiscal years 2007 through 2010.

''(2) DISBURSEMENT.—In each fiscal year, the Secretary shall disburse to each producing State for which the Secretary has approved a plan under subsection (c), and to coastal political subdivisions under paragraph (4), such funds as are allocated to the producing State or coastal political subdivision, respectively, under this section for the fiscal year.

''(3) ALLOCATION AMONG PRODUCING STATES.—

''(A) IN GENERAL.—Except as provided in subparagraph (C) and subject to subparagraph (D), the amounts available under paragraph (1) shall be allocated to each producing State based on the ratio that—

''(i) the amount of qualified outer Continental Shelf revenues generated off the coastline of the producing State; bears to

''(ii) the amount of qualified outer Continental Shelf revenues generated off the coastline of all producing States.

''(B) AMOUNT OF OUTER CONTINENTAL SHELF REVENUES.—For purposes of subparagraph (A)—

''(i) the amount of qualified outer Continental Shelf revenues for each of fiscal years 2007 and 2008 shall be determined using qualified outer Continental Shelf revenues received for fiscal year 2006; and

''(ii) the amount of qualified outer Continental Shelf revenues for each of fiscal years 2009 and 2010 shall be determined using qualified outer Continental Shelf revenues received for fiscal year 2008.

''(C) MULTIPLE PRODUCING STATES.—In a case in which more than 1 producing State is located within 200 nautical miles of any portion of a leased tract, the amount allocated to each producing State for the leased tract shall be inversely proportional to the distance between—

''(i) the nearest point on the coastline of the producing State; and

''(ii) the geographic center of the leased tract.

''(D) MINIMUM ALLOCATION.—The amount allocated to a producing State under subparagraph (A) shall be at least 1 percent of the amounts available under paragraph (1).

''(4) PAYMENTS TO COASTAL POLITICAL SUBDIVISIONS.—

''(A) IN GENERAL.—The Secretary shall pay 35 percent of the allocable share of each producing State, as determined under paragraph (3) to the coastal political subdivisions in the producing State.

''(B) FORMULA.—Of the amount paid by the Secretary to coastal political subdivisions under subparagraph (A)—

''(i) 25 percent shall be allocated to each coastal political subdivision in the proportion that—

''(I) the coastal population of the coastal political subdivision; bears to

''(II) the coastal population of all coastal political subdivisions in the producing State;

''(ii) 25 percent shall be allocated to each coastal political subdivision in the proportion that—

''(I) the number of miles of coastline of the coastal political subdivision; bears to

''(II) the number of miles of coastline of all coastal political subdivisions in the producing State; and

''(iii) 50 percent shall be allocated in amounts that are inversely proportional to the respective distances between the points in each coastal political subdivision that are closest to the geographic center of each leased tract, as determined by the Secretary.

''(C) EXCEPTION FOR THE STATE OF LOUISIANA.—For the purposes of subparagraph (B)(ii), the coastline for coastal political subdivisions in the State of Louisiana without a coastline shall be considered to be ⅓ the average length of the coastline of all coastal political subdivisions with a coastline in the State of Louisiana.

''(D) EXCEPTION FOR THE STATE OF ALASKA.—For the purposes of carrying out subparagraph (B)(iii) in the State of Alaska, the amounts allocated shall be divided equally among the 2 coastal political subdivisions that are closest to the geographic center of a leased tract.

''(E) EXCLUSION OF CERTAIN LEASED TRACTS.—For purposes of subparagraph (B)(iii), a leased tract or portion of a leased tract shall be excluded if the tract or portion of a leased tract is located in a geographic

area subject to a leasing moratorium on January 1, 2005, unless the lease was in production on that date.

''(6) NO APPROVED PLAN.—

''(A) IN GENERAL.—Subject to subparagraph (B) and except as provided in subparagraph (C), in a case in which any amount allocated to a producing State or coastal political subdivision under paragraph (4) or (5) is not disbursed because the producing State does not have in effect a plan that has been approved by the Secretary under subsection (c), the Secretary shall allocate the undisbursed amount equally among all other producing States.

''(B) RETENTION OF ALLOCATION.—The Secretary shall hold in escrow an undisbursed amount described in subparagraph (A) until such date as the final appeal regarding the disapproval of a plan submitted under subsection (c) is decided.

''(C) WAIVER.—The Secretary may waive subparagraph (A) with respect to an allocated share of a producing State and hold the allocable share in escrow if the Secretary determines that the producing State is making a good faith effort to develop and submit, or update, a plan in accordance with subsection (c).

''(c) COASTAL IMPACT ASSISTANCE PLAN.—

''(1) SUBMISSION OF STATE PLANS.—

''(A) IN GENERAL.—Not later than July 1, 2008, the Governor of a producing State shall submit to the Secretary a coastal impact assistance plan.

''(B) PUBLIC PARTICIPATION.—In carrying out subparagraph (A), the Governor shall solicit local input and provide for public participation in the development of the plan.

''(2) APPROVAL.—

''(A) IN GENERAL.—The Secretary shall approve a plan of a producing State submitted under paragraph (1) before disbursing any amount to the producing State, or to a coastal political subdivision located in the producing State, under this section.

''(B) COMPONENTS.—The Secretary shall approve a plan submitted under paragraph (1) if—

''(i) the Secretary determines that the plan is consistent with the uses described in subsection (d); and

''(ii) the plan contains—

''(I) the name of the State agency that will have the authority to represent and act on behalf of the producing State in dealing with the Secretary for purposes of this section;

''(II) a program for the implementation of the plan that describes how the amounts provided under this section to the producing State will be used;

''(III) for each coastal political subdivision that receives an amount under this section—

''(aa) the name of a contact person; and

''(bb) a description of how the coastal political subdivision will use amounts provided under this section;

''(IV) a certification by the Governor that ample opportunity has been provided for public participation in the development and revision of the plan; and

''(V) a description of measures that will be taken to determine the availability of assistance from other relevant Federal resources and programs.

''(3) AMENDMENT.—Any amendment to a plan submitted under paragraph (1) shall be—

''(A) developed in accordance with this subsection; and

''(B) submitted to the Secretary for approval or disapproval under paragraph (4).

''(4) PROCEDURE.—Not later than 90 days after the date on which a plan or amendment to a plan is submitted under paragraph (1) or (3), the Secretary shall approve or disapprove the plan or amendment.

''(d) AUTHORIZED USES.—

''(1) IN GENERAL.—A producing State or coastal political subdivision shall use all amounts received under this section, including any amount deposited in a trust fund that is administered by the State or coastal political subdivision and dedicated to uses consistent with this section, in accordance with all applicable Federal and State law, only for 1 or more of the following purposes:

''(A) Projects and activities for the conservation, protection, or restoration of coastal areas, including wetland.

''(B) Mitigation of damage to fish, wildlife, or natural resources.

''(C) Planning assistance and the administrative costs of complying with this section.

''(D) Implementation of a federally-approved marine, coastal, or comprehensive conservation management plan.

''(E) Mitigation of the impact of outer Continental Shelf activities through funding of onshore infrastructure projects and public service needs.

''(2) COMPLIANCE WITH AUTHORIZED USES.—If the Secretary determines that any expenditure made by a producing State or coastal political subdivision is not consistent with this subsection, the Secretary shall not disburse any additional amount under this section to the producing State or the coastal political subdivision until such time as all amounts obligated for unauthorized uses have been repaid or reobligated for authorized uses.

''(3) LIMITATION.—Not more than 23 percent of amounts received by a producing State or coastal political subdivision for any 1 fiscal year shall be used for the purposes described subparagraphs (C) and (E) of paragraph (1).''.

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**SA 892.** Mr. SALAZAR submitted an amendment intended to be proposed by him to the bill H.R. 6, to ensure jobs for our future with secure, affordable, and reliable energy; which was ordered to lie on the table; as follows:

On page 342, strike lines 3 through 10 and insert the following:

(a) PROJECT.—

(1) IN GENERAL.—Subject to the availability of appropriations, the Secretary shall carry out a project to demonstrate production of energy from coal mined in the western United States using integrated gasification combined cycle technology (referred to in this section as the ''demonstration project'').

(2) COMPONENTS.—The demonstration project—

(A) may include repowering of facilities in existence on the date of enactment of this Act;

(B) shall be designed to ensure the capability—

(i) to remove and sequester carbon dioxide; and

(ii) to accommodate a variety of types of coal (including subbituminous and bituminous coal up to 13,000 Btu/lb) mined in the western United States; and

(C) shall be carried out to test and evaluate integrated gasification combined cycle technology using coals mined in the western United States to assess the operation of—

(i) coal feed systems;

(ii) syngas cooling;

(iii) operating pressures;

(iv) carbon dioxide capture; and

(v) such other commercial designs and innovations as may be determined by the Secretary.

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**SA 893.** Mr. BAUCUS submitted an amendment intended to be proposed by him to the bill H.R. 6, to ensure jobs for our future with secure, affordable, and reliable energy; which was ordered to lie on the table; as follows:

On page 53, line 8, strike the quotation marks and the final period and insert the following:

''(3) The Secretary, the Administrator of the Environmental Protection Agency, and the Administrator of the Small Business Administration, as a part of the outreach to small business concerns regarding the Energy Star Program required by this subsection, may enter into cooperative agreements with qualified resource partners (including the National Center for Appropriate Technology) to establish, maintain, and promote a Small Business Energy Clearinghouse (in this subsection referred to as the 'Clearinghouse'). The Secretary and the Administrators shall ensure that the Clearinghouse provides a centralized resource where small business concerns may access, telephonically and electronically, technical information and advice to help increase energy efficiency and reduce energy costs.

''(4) There are authorized to be appropriated such sums as may be necessary to carry out this subsection, to remain available until expended.''.

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**SA 894.** Mr. SALAZAR submitted an amendment intended to be proposed by him to the bill H.R. 6, to ensure jobs for our future with secure, affordable, and reliable energy; which was ordered to lie on the table; as follows:

At the appropriate place, insert the following:

**SEC. ____. PAYMENT TO CERTAIN ULTIMATE VENDORS OF EXCISE TAX REFUND FOR BIODIESEL MIXTURES SOLD FOR NONTAXABLE PURPOSES.**

(a) IN GENERAL.—Section 6427(l) of the Internal Revenue Code of 1986 (relating to nontaxable uses of diesel fuel and kerosene), as amended by this Act, is amended by adding at the end the following new paragraph:

''(7) REFUNDS FOR BIODIESEL MIXTURES.—With respect to diesel fuel used in any biodiesel mixture, if the ultimate purchaser of such mixture 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—

''(A) is registered under section 4101, and

''(B) meets the requirements of subparagraph (A), (B), or (D) of section 6416(a)(1).''.

(b) EFFECTIVE DATE.—The amendment made by this section shall apply to any biodiesel mixture sold after the date of the enactment of this Act.

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**SA 895.** Ms. CANTWELL submitted an amendment intended to be proposed by her to the bill H.R. 6, to ensure jobs for our future with secure, affordable, and reliable energy; which was ordered to lie on the table; as follows:

On page 696, lines 24 and 25, strike ''unlawful on the grounds that it is unjust and unreasonable'' and insert ''not permitted under a rate schedule (or contract under such a schedule) or is otherwise unlawful on the grounds that the contract is unjust and unreasonable or contrary to the public interest''.

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**SA 896.** Ms. CANTWELL submitted an amendment intended to be proposed by her to the bill H.R. 6, to ensure jobs for our future with secure, affordable, and reliable energy; which was ordered to lie on the table; as follows:

On page 424, after line 16, insert the following:

**SEC. 712. UPDATED FUEL ECONOMY LABELING PROCEDURES.**

(a) IN GENERAL.—The Administrator of the Environmental Protection Agency shall, as appropriate and in consultation with the Administrator of the National Highway Traffic Safety Administration, update and revise the process used to determine fuel economy values for labeling purposes as set forth in sections 600.209–85 and 600.209.95 (40 C.F.R. 600.209–85 and 600.209.95) to take into consideration current factors such as speed limits, acceleration rates, braking, variations in weather and temperature, vehicle load, use of air conditioning, driving patterns, and the use of other fuel consuming features. The Administrator shall use existing emissions test cycles and, or, updated adjustment factors to implement the requirements of this subsection.

(b) DEADLINE.—The Administrator of the Environmental Protection Agency shall promulgate a notice of proposed rulemaking by December 31, 2005, and a final rule within 18 months after the date on which the Administrator issues the notice.

(c) REPORT.—Three years after issuing the final rule required by subsection (b) and every 3 years thereafter the Administrator of the Environmental Protection Agency shall reconsider the fuel economy labeling procedures required under subsection (a) to determine if the changes in the factors require revisiting the process. The administrator shall report to the Senate Committee on Commerce, Science and Transportation and to the House of Representatives Committee on Energy and Commerce on the outcome of the reconsideration process.

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**SA 897.** Ms. CANTWELL submitted an amendment intended to be proposed by her to the bill H.R. 6, to ensure jobs for our future with secure, affordable, and reliable energy; which was ordered to lie on the table; as follows:

On page 684, between lines 5 and 6, insert the following:

**SEC. 1255. SMART ENERGY DEPLOYMENT.**

Not later than 1 year after the date of enactment of this Act and annually thereafter, the Secretary shall submit to Congress a report that—

(1) describes the status of the implementation by the States of the amendments made by sections 1251 and 1254;

(2) contains a list of preapproved systems and equipment eligible to meet the standards established under the amendments made by sections 1251 and 1254; and

(3) describes—

(A) the public benefits that have been derived from net metering and interconnection standards; and

(B) any barriers to further deployment of net metering and interconnection technologies.

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**SA 898.** Mr. LEVIN (for himself and Ms. STABENOW) submitted an amendment intended to be proposed by him to the bill H.R. 6, to ensure jobs for our future with secure, affordable, and reliable energy; which was ordered to lie on the table; as follows:

On page 523, between lines 13 and 14, insert the following:

**SEC. 958. WESTERN MICHIGAN DEMONSTRATION PROJECT.**

(a) IN GENERAL.—Not later than 2 years after the date of enactment of this Act, the Administrator of the Environmental Protection Agency (referred to in this section as the ''Administrator''), in consultation with the State of Michigan and affected local officials, shall conduct a demonstration project to address the effect of transported ozone and ozone precursors in southwestern Michigan.

(b) INCLUDED AREAS.—The demonstration project shall address projected nonattainment areas in southwestern Michigan that include counties with design values for ozone of less than .095 based on air quality data for—

(1) the period of calendar years 2000 through 2002; or

(2) the most current 3-year period for which those data are available.

(c) ASSESSMENT.—The Administrator shall assess any difficulties an area described in subsection (b) may experience in meeting the 8-hour national ambient air quality standard for ozone under the Clean Air Act (42 U.S.C. 7401 et seq.) because of the effect of transported ozone or ozone precursors into the area.

(d) STATE AND LOCAL INVOLVEMENT.—The Administrator shall cooperate with State and local officials to determine—

(1) the extent of ozone and ozone precursor transport described in subsection (c);

(2) to assess alternatives to achieve compliance with the 8-hour standard described in subsection (c) other than through local controls; and

(3) to determine the timeframe in which that compliance could be achieved.

(e) NONATTAINMENT STATUS.—

(1) IN GENERAL.—Until such date as the demonstration project under this section is complete, the Administrator shall not—

(A) designate or classify any area described in subsection (b) as a nonattainment area under section 181 of the Clean Air Act (42 U.S.C. 7511); or

(B) impose on such an area any requirement or sanction that might otherwise apply as a result of the area being so designated or classified.

(2) CURRENT DESIGNATION.—Any designation or classification of an area described in subsection (b) as a nonattainment area that is in effect as of the date of enactment of this Act shall be of no force or effect on and after that date.

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**SA 899.** Mr. ENZI submitted an amendment intended to be proposed by him to the bill H.R. 6, to ensure jobs for our future with secure, affordable, and reliable energy; which was ordered to lie on the table; as follows:

On page 296, after line 25, add the following:

**SEC. 34___. REINSTATEMENT OF LEASES.**

Notwithstanding section 31(d)(2)(B) of the Mineral Leasing Act (30 U.S.C. 188(d)(2)(B)), the Secretary may reinstate any oil and gas lease issued under that Act that was terminated for failure of a lessee to pay the full amount of rental on or before the anniversary date of the lease, during the period beginning on September 1, 2001, and ending on the date that is 60 days after the date of enactment of this Act, if, not later than 120 days after the date of enactment of this Act, the lessee—

(1) files a petition for reinstatement of the lease;

(2) complies with the conditions of section 31(e) of the Mineral Leasing Act (30 U.S.C. 188(e)); and

(3) certifies that the lessee did not receive a notice of termination by the date that was 13 months before the date of termination.

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**SA 900.** Mr. INHOFE submitted an amendment intended to be proposed by him to the bill H.R. 6, to ensure jobs for our future with secure, affordable, and reliable energy; which was ordered to lie on the table; as follows:

At the appropriate place, insert the following:

**SEC. ___. RATEPAYER PROTECTION.**

(a) STUDY OF EFFECTS OF UTILITY ACTIONS TO REDUCE CARBON DIOXIDE EMISSIONS ON DISADVANTAGED INDIVIDUALS.—

(1) DEFINITIONS.—In this subsection:

(A) DISADVANTAGED INDIVIDUAL.—The term ''disadvantaged individual'' means—

(i) an individual with a disability, as defined in section 3 of the Americans with Disabilities Act of 1990 (42 U.S.C. 12102);

(ii) a member of a family whose income does not exceed the poverty line, as defined in section 673 of the Community Services Block Grant Act (42 U.S.C. 9902);

(iii) an individual who belongs to a minority group;

(iv) a senior citizen; and

(v) other disadvantaged individuals.

(B) UTILITY.—The term ''utility'' means any for-profit organization that—

(i) provides retail customers with electricity services; and

(ii) is regulated, either by price or terms of service, by 1 or more State utility or public service commissions.

(2) STUDY.—Not later than 30 days after the date of enactment of this Act, the Congressional Budget Office, in consultation with other appropriate organizations, shall initiate a study to determine the effect on disadvantaged individuals of actions taken or considered, or likely to be taken or considered, by utilities to reduce the carbon dioxide emissions of the utilities.

(3) REPORT.—

(A) IN GENERAL.—Not later than 1 year after the date of enactment of this Act, the Congressional Budget Office shall submit to Congress a report that specifically describes the results of the study, including the economic costs to disadvantaged individuals of actions by utilities intended to reduce carbon dioxide emissions.

(B) REVIEW PERIOD.—Congress shall have 180 days after the date of receipt by Congress of the report described in subparagraph (B) to review the report.

(C) EFFECTIVE DATE.—If the Congressional Budget Office determines that there would be an additional economic burden on any of the classes of disadvantaged individuals if the costs of actions by utilities intended to reduce carbon dioxide emissions were recovered from ratepayers, the amendment made by section 3 shall take effect on the day after the end of the review period described in subparagraph (B).

(b) PAYMENTS TO ELECTRIC GENERATING UNITS.—

(1) IN GENERAL.—Beginning in calendar year 2008 and each subsequent calendar year, any electric generating unit that incurs any costs in complying with the requirements of that title shall submit to the Commissioner of the Federal Energy Regulatory Commission (referred to in this subsection as the ''Commissioner'') a statement of the total costs incurred by the electric generating unit for the calendar year.

(2) APPROVED COSTS.—The Commissioner shall—

(A) review any costs submitted under paragraph (1);

(B) approve or disapprove the submitted costs as legitimate; and

(C) determine the total amount of approved costs submitted by all electric generating utilities.

(3) AVERAGE COSTS.—The Commissioner shall determine—

(A) the total megawatts of electricity produced from all electric generating units for the calendar year; and

(B) the average cost per megawatt incurred in complying with any carbon reduction mandates of this Act by dividing—

(i) the total costs approved under paragraph (2)(C); by

(ii) the total megawatts determined under subparagraph (A).

(4) PAYMENTS TO COMMISSIONER.—Each electric generating unit shall submit to the Commissioner a payment in an amount equal to the product obtained by multiplying—

(A) the average cost per megawatt determined by the Commissioner under paragraph (3)(B); and

(B) the total megawatts of electricity produced by the electric generating unit during a calendar year, as determined by the Commissioner.

(5) REIMBURSEMENT OF COSTS.—The Commissioner shall provide to each electric generating unit that submitted costs under paragraph (1) that were approved under paragraph (2) an amount to reimburse the electric generating unit for any costs of complying with any carbon reduction mandates of this Act paid by the electric generating unit in excess of the amount required to be paid by the electric generating unit under paragraph (4).

(6) REGULATIONS.—The Commissioner shall issue regulations to carry out this subsection, including provisions that establish—

(A) criteria for determining the legitimacy of costs under paragraph (2);

(B) a deadline and other appropriate conditions for payments required under paragraph (4); and

(C) procedures for the provision of reimbursement payments under paragraph (5).

(c) UTILITY ACTIONS TO REDUCE CARBON DIOXIDE EMISSIONS.—The National Climate Program Act (15 U.S.C. 2901 et seq.) is amended by adding at the end the following:

**"SEC. 9. UTILITY ACTIONS TO REDUCE CARBON DIOXIDE EMISSIONS.**

''(a) DEFINITION OF UTILITY.—In this section, the term 'utility' means any organization that—

''(1) provides retail customers with electricity services; and

''(2) is regulated, either by price or terms of service, by 1 or more State utility or public service commissions.

''(b) RATEPAYER PROTECTIONS.—

''(1) IN GENERAL.—No utility may recover from ratepayers any costs, expenses, fees, or other outlays incurred for the stated purpose by the utility to reduce carbon dioxide emissions.

''(2) PROHIBITION ON CERTAIN COMMISSION ACTIONS.—No State utility commission, public service commission, or similar entity may compel ratepayers to pay the costs, expenses, fees, or other outlays incurred for the stated purpose by a utility to reduce carbon dioxide emissions.

''(c) SHAREHOLDER OBLIGATIONS UNAFFECTED.—Nothing in this section prevents the shareholders of, or other parties associated with (other than ratepayers), a utility from paying for any action by the utility to reduce carbon dioxide emissions.''.

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**SA 901.** Ms. SNOWE (for herself and Mr. BURNS) submitted an amendment intended to be proposed by her to the bill H.R. 6, to ensure jobs for our future with secure, affordable, and reliable energy; which was ordered to lie on the table; as follows:

On page 52, line 24, strike ''efficiency; and'' and all that follows through page 53, line 8 and insert the following: ''efficiency;

''(C) understanding and accessing Federal procurement opportunities with regard to Energy Star technologies and products; and

''(D) identifying financing options for energy efficiency upgrades.

''(2) The Secretary, the Administrator of the Environmental Protection Agency, and the Administrator of the Small Business Administration shall—

''(A) make program information available to small business concerns directly through the district offices and resource partners of the Small Business Administration, including small business development centers, women's business centers, and the Service Corps of Retired Executives (SCORE), and through other Federal agencies, including the Federal Emergency Management Agency and the Department of Agriculture; and

''(B) coordinate assistance with the Secretary of Commerce for manufacturing-related efforts, including the Manufacturing Extension Partnership Program.

''(3) The Secretary, on a cost shared basis in cooperation with the Administrator of the Environmental Protection Agency, shall provide to the Small Business Administration all advertising, marketing, and other written materials necessary for the dissemination of information under paragraph (2).

''(4) The Secretary, the Administrator of the Environmental Protection Agency, and the Administrator of the Small Business Administration, as a part of the outreach to small business concerns regarding the Energy Star Program required by this subsection, may enter into cooperative agreements with qualified resource partners (including the National Center for Appropriate Technology) to establish, maintain, and promote a Small Business Energy Clearinghouse (in this subsection referred to as the 'Clearinghouse'). The Secretary and the Administrators shall ensure that the Clearinghouse provides a centralized resource where small business concerns may access, telephonically and electronically, technical information and advice to help increase energy efficiency and reduce energy costs.

''(5) There are authorized to be appropriated such sums as may be necessary to carry out this subsection, to remain available until expended.''.

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**SA 902.** Mr. DURBIN submitted an amendment intended to be proposed by him to the bill H.R. 6, to ensure jobs for our future with secure, affordable, and reliable energy; which was ordered to lie on the table; as follows:

On page 424, line 9, strike ''**SEC. 711**'' and insert the following:

**SEC. 711. SHORT TITLE.**

This subtitle may be cited as the ''Automobile Fuel Efficiency Improvements Act of 2005''.

**SEC. 712. PHASED INCREASES IN FUEL ECONOMY STANDARDS.**

(a) PASSENGER AUTOMOBILES.—

(1) MINIMUM STANDARDS.—Section 32902(b) of title 49, United States Code, is amended to read as follows:

''(b) PASSENGER AUTOMOBILES.—Except as otherwise provided under this section, the average fuel economy standard for passenger automobiles manufactured by a manufacturer in a model year—

''(1) after model year 1984 and before model year 2008 shall be 25 miles per gallon;

''(2) after model year 2007 and before model year 2011 shall be 28 miles per gallon;

''(3) after model year 2010 and before model year 2014 shall be 32 miles per gallon;

''(4) after model year 2013 and before model year 2017 shall be 36 miles per gallon; and

''(5) after model year 2016 shall be 40 miles per gallon.''.

(2) HIGHER STANDARDS SET BY REGULATION.—Section 32902(c) of title 49, United States Code, is amended—

(A) by striking paragraph (2); and

(B) in paragraph (1)—

(i) by striking ''Subject to paragraph (2) of this subsection, the'' and inserting ''The'';

(ii) by striking ''amending the standard'' and inserting ''increasing the standard otherwise applicable''; and

(iii) by striking ''Section 553'' and inserting the following:

''(2) Section 553''.

(b) NON-PASSENGER AUTOMOBILES.—Section 32902(a) of title 49, United States Code, is amended—

(1) by striking ''At least 18 months before each model year,'' and inserting the following:

''(1) The average fuel economy standard applicable for automobiles (except passenger automobiles) manufactured by a manufacturer in a model year—

''(A) after model year 1984 and before model year 2008 shall be 17 miles per gallon;

''(B) after model year 2007 and before model year 2011 shall be 19 miles per gallon;

''(C) after model year 2010 and before model year 2014 shall be 21.5 miles per gallon;

''(D) after model year 2013 and before model year 2017 shall be 24.5 miles per gallon; and

''(E) after model year 2016 shall be 27.5 miles per gallon, except as provided under paragraph (2).

''(2) At least 18 months before the beginning of each model year after model year 2017,''; and

(2) by adding at the end the following:

''(3) If the Secretary does not increase the average fuel economy standard applicable under paragraph (1)(E) or (2), or applicable to any class under paragraph (2), within 24 months after the latest increase in the standard applicable under paragraph (1)(E) or (2), the Secretary, not later than 90 days after the expiration of the 24-month period, shall submit to Congress a report containing an explanation of the reasons for not increasing the standard.''.

**SEC. 713. INCREASED INCLUSIVENESS OF DEFINITIONS OF AUTOMOBILE AND PASSENGER AUTOMOBILE.**

(a) AUTOMOBILE.—

(1) IN GENERAL.—Section 32901(a)(3) of title 49, United States Code, is amended—

(A) by striking ''6,000 pounds'' each place it appears and inserting ''12,000 pounds''; and

(B) in subparagraph (B)—

(i) by striking ''10,000 pounds'' and inserting ''14,000 pounds''; and

(ii) in clause (ii), by striking ''an average fuel economy standard'' and all that follows through ''conservation or''.

(2) SPECIAL RULE.—Section 32908(a)(1) of such title is amended by striking ''8,500 pounds'' and inserting ''14,000 pounds''.

(b) PASSENGER AUTOMOBILE.—Section 32901(a)(16) of such title is amended to read as follows:

''(16) 'passenger automobile'—

''(A) means, except as provided in subparagraph (B), an automobile having a gross vehicle weight of 12,000 pounds or less that is designed to be used principally for the transportation of persons; but

''(B) does not include—

''(i) a vehicle that has a primary load carrying device or container attached;

''(ii) a vehicle that has a seating capacity of more than 12 persons;

''(iii) a vehicle that has a seating capacity of more than 9 persons behind the driver's seat; or

''(iv) a vehicle that is equipped with a cargo area of at least 6 feet in interior length that does not extend beyond the frame of the vehicle and is an open area or is designed for

use as an open area but is enclosed by a cap and is not readily accessible directly from the passenger compartment.''.

(c) APPLICABILITY.—The amendments made by this section shall apply with respect to automobiles manufactured for model years beginning after the date of enactment of this Act.

**SEC. 714. CIVIL PENALTIES.**

(a) INCREASED PENALTY FOR VIOLATIONS OF FUEL ECONOMY STANDARDS.—Section 32912(b) of title 49, United States Code, is amended—

(1) by inserting ''(1)'' before ''Except as provided'';

(2) by striking ''$5'' and inserting ''the dollar amount applicable under paragraph (2)'';

(3) by redesignating paragraphs (1), (2), and (3) as subparagraphs (A), (B), and (C), respectively; and

(4) by adding at the end the following:

''(2)(A) The dollar amount referred to in paragraph (1) is $10, as increased from time to time under subparagraph (B).

''(B) Effective on October 1 of each year, the dollar amount applicable under subparagraph (A) shall be increased by the percentage (rounded to the nearest one-tenth of one percent) by which the price index for July of such year exceeds the price index for July of the preceding year. The amount calculated under the preceding sentence shall be rounded to the nearest $0.10.

''(C) In this paragraph, the term 'price index' means the Consumer Price Index for all-urban consumers published monthly by the Department of Labor.''.

(b) CONFORMING AMENDMENT.—Section 32912(c)(1) of title 49, United States Code, is amended—

(1) by striking subparagraph (B); and

(2) by redesignating subparagraphs (C) and (D) as subparagraphs (B) and (C), respectively.

(c) APPLICABILITY.—The amendments made by subsection (a) shall apply with respect to automobiles manufactured for model years beginning after the date of enactment of this Act.

**SEC. 715. STANDARDS FOR EXECUTIVE AGENCY AUTOMOBILES.**

Section 32917 of title 49, United States Code, is amended—

(1) in subsection (b)—

(A) by amending paragraph (1) to read as follows:

''(1) The President shall prescribe regulations that require automobiles leased for at least 60 consecutive days or bought by executive agencies in a fiscal year to achieve—

''(A) in the case of non-passenger automobiles, a fleet average fuel economy for that year of at least the average fuel economy standard applicable under section 32902(a) of this title for the model year that includes January 1 of that fiscal year; and

''(B) in the case of passenger automobiles, a fleet average fuel economy for that year of at least the average fuel economy standard applicable under subsection (b) or (c) of section 32902 of this title for such model year.'';

(B) in paragraph (2)—

(i) by striking ''Fleet average fuel economy is—'' and inserting ''For the purposes of paragraph (1), the fleet average fuel economy of non-passenger or passenger automobiles in a fiscal year is—'';

(ii) in subparagraph (A), by striking ''passenger automobiles leased for at least 60 consecutive days or bought by executive agencies in a'' and inserting ''the non-passenger automobiles or passenger automobiles, respectively, that are leased for at least 60 consecutive days or bought by executive agencies in such''; and

(iii) in subparagraph (B), by inserting ''such'' after ''the number of''; and

(2) by adding at the end the following:

''(c) MINIMUM NUMBER OF EXCEPTIONALLY FUEL-EFFICIENT VEHICLES.—The President shall prescribe regulations that require that—

''(1) at least 20 percent of the passenger automobiles leased for at least 60 consecutive days or bought by executive agencies in a fiscal year have a vehicle fuel economy rating that is at least 5 miles per gallon higher than the average fuel economy standard applicable to the automobile under subsection (b) or (c) of section 32902 of this title for the model year that includes January 1 of that fiscal year; and

''(2) beginning in fiscal year 2011, at least 10,000 vehicles in the fleet of automobiles used by executive agencies in a fiscal year have a vehicle fuel economy that is at least 5 miles per gallon higher than the average fuel economy standards applicable to such automobiles under section 32902 of this title for the model year that includes January 1 of that fiscal year.''.

**SEC. 716.**

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**SA 903.** Mr. DURBIN submitted an amendment intended to be proposed by him to the bill H.R. 6, to ensure jobs for our future with secure, affordable, and reliable energy; which was ordered to lie on the table; as follows:

Beginning on page, 469, strike line 10 and all that follows through page 470, line 20, and insert the following:

(d) INDUSTRY ALLIANCE.—Not later than 90 days after the date of enactment of this Act, the Secretary shall competitively select an Industry Alliance to represent participants who are private, for-profit firms representing large and small businesses that, as a group, are broadly representative of United States solid state lighting research, development, infrastructure, and manufacturing expertise as a whole.

(e) RESEARCH.—

(1) GRANTS.—The Secretary shall carry out the research activities of the Initiative through competitively awarded grants to—

(A) researchers, including Industry Alliance participants;

(B) small businesses;

(C) National Laboratories; and

(D) institutions of higher education.

(2) INDUSTRY ALLIANCE.—The Secretary shall annually solicit from the Industry Alliance—

(A) comments to identify solid-state lighting technology needs;

(B) an assessment of the progress of the research activities of the Initiative; and

(C) assistance in annually updating solid-state lighting technology roadmaps.

(3) AVAILABILITY TO PUBLIC.—The information and roadmaps under paragraph (2) shall be available to the public.

(f) DEVELOPMENT, DEMONSTRATION, AND COMMERCIAL APPLICATION.—

(1) IN GENERAL.—The Secretary shall carry out a development, demonstration, and commercial application program for the Initiative through competitively selected awards.

(2) PREFERENCE.—In making the awards, the Secretary may give preference to participants in the Industry Alliance, including making at least 1 award to a small business entity.

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**SA 904.** Mr. ALEXANDER submitted an amendment intended to be proposed by him to the bill H.R. 6, to ensure jobs for our future with secure, affordable, and reliable energy; which was ordered to lie on the table; as follows:

At the appropriate place, insert the following:

**SEC. ___. RENEWABLE ENERGY EQUIPMENT CREDIT.**

(a) IN GENERAL.—Section 25D of the Internal Revenue Code of 1986, as added by section 1527 of this Act, is amended to read as follows:

**''SEC. 25D. RENEWABLE ENERGY EQUIPMENT CREDITS.**

''(a) ALLOWANCE OF CREDIT.—In the case of an individual, there shall be allowed as a credit against the tax imposed by this chapter for the taxable year an amount equal to 30 percent of so much of the qualified photovoltaic property expenditures or qualified solar heating property expenditures made by the taxpayer during such year as do not exceed $7,500.

''(b) DEFINITIONS.—For purposes of this section—

''(1) PROPERTY EXPENDITURE.—

''(A) IN GENERAL.—The term 'property expenditure' means any expenditure for a property.

''(B) INCLUSIONS.—

''(i) LABOR COSTS.—The term 'property expenditure' includes the cost of any labor that is properly allocable to the onsite preparation, assembly, or original installation of the property described in paragraph (2) or (3), including the cost of piping or wiring to interconnect such property to the dwelling unit.

''(ii) SOLAR PANELS.—No expenditure relating to a solar panel or other property installed as a roof (or portion thereof) shall fail to be treated as a property expenditure solely because it constitutes a structural component of the structure on which it is installed.

''(2) QUALIFIED PHOTOVOLTAIC PROPERTY EXPENDITURE.—The term 'qualified photovoltaic property expenditure' means any property expenditure for property which uses solar energy to generate electricity for use in a dwelling unit through the photovoltaic effect.

''(3) QUALIFIED SOLAR HEATING PROPERTY EXPENDITURE.—

''(A) IN GENERAL.—The term 'qualified solar heating property expenditure' means any property expenditure for property which uses solar energy to heat or cool (or provide hot water for use in) a dwelling unit.

''(B) EXCLUSION.—The term 'qualified solar heating property expenditure' does not include an expenditure for property which uses solar energy to heat or cool a swimming pool.

''(c) SPECIAL RULES.—

''(1) JOINT OCCUPANCY.—In the case of any dwelling unit which is jointly occupied and used during any calendar year as a residence by 2 or more individuals, the following shall apply separately with respect to qualified solar heating property expenditures and qualified photovoltaic property expenditures:

''(A) The amount of the credit allowable under subsection (a) by reason of expenditures made during such calendar year by any of such individuals with respect to such dwelling unit shall be determined by treating all of such individuals as 1 taxpayer whose taxable year is such calendar year.

''(B) There shall be allowable with respect to such expenditures to each of such individuals, a credit under subsection (a) for the taxable year in which such calendar year ends in an amount which bears the same ratio to the amount determined under subparagraph (A) as the amount of such expenditures made by such individual during such calendar year bears to the aggregate of such expenditures made by all of such individuals during such calendar year.

''(2) TENANT-STOCKHOLDER IN COOPERATIVE HOUSING CORPORATION.—In the case of an individual who is a tenant-stockholder (as defined in section 216) in a cooperative housing

corporation (as defined in that section), the individual shall be treated as having made such individual's tenant-stockholder's proportionate share (as defined in section 216(b)(3)) of any expenditures of such corporation.

''(3) CONDOMINIUMS.—

''(A) IN GENERAL.—In the case of an individual who is a member of a condominium management association with respect to a condominium which such individual owns, such individual shall be treated as having made such individual's proportionate share of any expenditures of such association.

''(B) MANAGEMENT ASSOCIATION.—For purposes of this paragraph, the term 'condominium management association' means an organization which meets the requirements of paragraph (1) of section 528(c) (other than subparagraph (E) thereof) with respect to a condominium project substantially all of the units of which are used as residences.

''(4) AMOUNT OF EXPENDITURE.—

''(A) IN GENERAL.—Except as provided in subparagraph (B), an expenditure with respect to an item shall be treated as made when the original installation of the item is completed.

''(B) EXPENDITURES IN CONNECTION WITH BUILDING CONSTRUCTION.—In the case of an expenditure in connection with the construction or reconstruction of a structure, such expenditure shall be treated as made when the original use of the constructed or reconstructed structure by the taxpayer begins.

''(C) AMOUNT.—

''(i) IN GENERAL.—The amount of any expenditure shall be the cost of the expenditure.

''(ii) SUBSIDIZED ENERGY FINANCING.—For purposes of determining the amount of expenditures, there shall not be taken into account expenditures which are made from subsidized energy financing (as defined in section 48(a)(5)(A)).

''(d) BASIS ADJUSTMENTS.—For purposes of this subtitle, if a credit is allowed under this section for any expenditure with respect to any property, the increase in the basis of such property which would (but for this subsection) result from such expenditure shall be reduced by the amount of the credit so allowed.

''(e) LIMITATIONS.—No credit shall be allowed under this section for an item of property unless—

''(1) in the case of solar heating property, the property meets all applicable health and safety standards and requirements imposed by any State or local permitting authority, and

''(2) in the case of a photovoltaic property, the property meets all appropriate fire and electric code requirements.

''(f) TERMINATION.—This section shall not apply to expenditures made after December 31, 2010.''.

(b) PRODUCTION TAX CREDIT FOR UTILITY-SCALE SOLAR.—Paragraph (4) of section 45(d) of the Internal Revenue Code of 1986 (relating to qualified facilities) is amended to read as follows:

''(4) GEOTHERMAL OR SOLAR ENERGY FACILITY.—In the case of a facility using geothermal or solar energy to produce electricity, the term 'qualified facility' means any facility owned by the taxpayer which is originally placed in service after December 31, 2005, and before December 31, 2010.''.

(c) CONFORMING AMENDMENTS.—

(1) Section 1016(a)(36) of the Internal revenue Code of 1986, as added by section 1527 of this Act, is amended to read as follows:

''(36) to the extent provided in section 25D(d), in the case of amounts with respect to which a credit has been allowed under section 25D.''.

(2) The item relating to section 25D in the table of sections for subpart A of part IV of subchapter A of chapter 1 of such Code, as added by section 1527 of this Act, is amended to read as follows:

''Sec. 25D. Renewable energy equipment credits.''.

(d) EFFECTIVE DATE.—The amendments made by this section (other than subsection (e)) shall apply to property placed in service after December 31, 2005, in taxable years ending after such date.

(e) REDUCTION IN PERIOD BY WHICH RENEWABLE ENERGY PRODUCTION CREDIT EXTENDED.—Section 45(d) of the Internal Revenue Code of 1986 (relating to qualified facilities), as amended by section 1501, is amended by striking ''2009'' each place it appears in paragraphs (1) through (7) and inserting ''2008''.

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**SA 905.** Mr. ALEXANDER submitted an amendment intended to be proposed by him to the bill H.R. 6, to ensure jobs for our future with secure, affordable, and reliable energy; which was ordered to lie on the table; as follows:

At the appropriate place, insert the following:

**SEC. ____. RENEWABLE ENERGY EQUIPMENT CREDIT.**

(a) IN GENERAL.—Section 25D of the Internal Revenue Code of 1986, as added by section 1527 of this Act, is amended to read as follows:

**''SEC. 25D. RENEWABLE ENERGY EQUIPMENT CREDITS.**

''(a) ALLOWANCE OF CREDIT.—In the case of an individual, there shall be allowed as a credit against the tax imposed by this chapter for the taxable year an amount equal to 30 percent of so much of the qualified photovoltaic property expenditures or qualified solar heating property expenditures made by the taxpayer during such year as do not exceed $7,500.

''(b) DEFINITIONS.—For purposes of this section—

''(1) PROPERTY EXPENDITURE.—

''(A) IN GENERAL.—The term 'property expenditure' means any expenditure for a property.

''(B) INCLUSIONS.—

''(i) LABOR COSTS.—The term 'property expenditure' includes the cost of any labor that is properly allocable to the onsite preparation, assembly, or original installation of the property described in paragraph (2) or (3), including the cost of piping or wiring to interconnect such property to the dwelling unit.

''(ii) SOLAR PANELS.—No expenditure relating to a solar panel or other property installed as a roof (or portion thereof) shall fail to be treated as a property expenditure solely because it constitutes a structural component of the structure on which it is installed.

''(2) QUALIFIED PHOTOVOLTAIC PROPERTY EXPENDITURE.—The term 'qualified photovoltaic property expenditure' means any property expenditure for property which uses solar energy to generate electricity for use in a dwelling unit through the photovoltaic effect.

''(3) QUALIFIED SOLAR HEATING PROPERTY EXPENDITURE.—

''(A) IN GENERAL.—The term 'qualified solar heating property expenditure' means any property expenditure for property which uses solar energy to heat or cool (or provide hot water for use in) a dwelling unit.

''(B) EXCLUSION.—The term 'qualified solar heating property expenditure' does not include an expenditure for property which uses solar energy to heat or cool a swimming pool.

''(c) SPECIAL RULES.—

''(1) JOINT OCCUPANCY.—In the case of any dwelling unit which is jointly occupied and used during any calendar year as a residence by 2 or more individuals, the following shall apply separately with respect to qualified solar heating property expenditures and qualified photovoltaic property expenditures:

''(A) The amount of the credit allowable under subsection (a) by reason of expenditures made during such calendar year by any of such individuals with respect to such dwelling unit shall be determined by treating all of such individuals as 1 taxpayer whose taxable year is such calendar year.

''(B) There shall be allowable with respect to such expenditures to each of such individuals, a credit under subsection (a) for the taxable year in which such calendar year ends in an amount which bears the same ratio to the amount determined under subparagraph (A) as the amount of such expenditures made by such individual during such calendar year bears to the aggregate of such expenditures made by all of such individuals during such calendar year.

''(2) TENANT-STOCKHOLDER IN COOPERATIVE HOUSING CORPORATION.—In the case of an individual who is a tenant-stockholder (as defined in section 216) in a cooperative housing corporation (as defined in that section), the individual shall be treated as having made such individual's tenant-stockholder's proportionate share (as defined in section 216(b)(3)) of any expenditures of such corporation.

''(3) CONDOMINIUMS.—

''(A) IN GENERAL.—In the case of an individual who is a member of a condominium management association with respect to a condominium which such individual owns, such individual shall be treated as having made such individual's proportionate share of any expenditures of such association.

''(B) MANAGEMENT ASSOCIATION.—For purposes of this paragraph, the term 'condominium management association' means an organization which meets the requirements of paragraph (1) of section 528(c) (other than subparagraph (E) thereof) with respect to a condominium project substantially all of the units of which are used as residences.

''(4) AMOUNT OF EXPENDITURE.—

''(A) IN GENERAL.—Except as provided in subparagraph (B), an expenditure with respect to an item shall be treated as made when the original installation of the item is completed.

''(B) EXPENDITURES IN CONNECTION WITH BUILDING CONSTRUCTION.—In the case of an expenditure in connection with the construction or reconstruction of a structure, such expenditure shall be treated as made when the original use of the constructed or reconstructed structure by the taxpayer begins.

''(C) AMOUNT.—

''(i) IN GENERAL.—The amount of any expenditure shall be the cost of the expenditure.

''(ii) SUBSIDIZED ENERGY FINANCING.—For purposes of determining the amount of expenditures, there shall not be taken into account expenditures which are made from subsidized energy financing (as defined in section 48(a)(5)(A)).

''(d) BASIS ADJUSTMENTS.—For purposes of this subtitle, if a credit is allowed under this section for any expenditure with respect to any property, the increase in the basis of such property which would (but for this subsection) result from such expenditure shall be reduced by the amount of the credit so allowed.

''(e) LIMITATIONS.—No credit shall be allowed under this section for an item of property unless—

''(1) in the case of solar heating property, the property meets all applicable health and safety standards and requirements imposed by any State or local permitting authority, and

''(2) in the case of a photovoltaic property, the property meets all appropriate fire and electric code requirements.

''(f) TERMINATION.—This section shall not apply to expenditures made after December 31, 2010.''.

(b) PRODUCTION TAX CREDIT FOR UTILITY-SCALE SOLAR.—Paragraph (4) of section 45(d) of the Internal Revenue Code of 1986 (relating to qualified facilities) is amended to read as follows:

''(4) GEOTHERMAL OR SOLAR ENERGY FACILITY.—In the case of a facility using geothermal or solar energy to produce electricity, the term 'qualified facility' means any facility owned by the taxpayer which is originally placed in service after December 31, 2005, and before December 31, 2010.''.

(c) CONFORMING AMENDMENTS.—

(1) Section 1016(a)(36) of the Internal revenue Code of 1986, as added by section 1527 of this Act, is amended to read as follows:

''(36) to the extent provided in section 25D(d), in the case of amounts with respect to which a credit has been allowed under section 25D.''.

(2) The item relating to section 25D in the table of sections for subpart A of part IV of subchapter A of chapter 1 of such Code, as added by section 1527 of this Act, is amended to read as follows:

''Sec. 25D. Renewable energy equipment credits.''.

(d) EFFECTIVE DATE.—The amendments made by this section (other than subsection (e)) shall apply to property placed in service after December 31, 2005, in taxable years ending after such date.

(e) REDUCTION IN PERIOD BY WHICH RENEWABLE ENERGY PRODUCTION CREDIT EXTENDED.—Section 45(d) of the Internal Revenue Code of 1986 (relating to qualified facilities), as amended by this Act, is amended by striking ''2008'' each place it appears in paragraphs (1) through (7) and inserting ''2007''.

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**SA 906.** Mr. ALEXANDER submitted an amendment intended to be proposed by him to the bill H.R. 6, to ensure jobs for our future with secure, affordable, and reliable energy; which was ordered to lie on the table; as follows:

On page 327, after line 21, add the following:

**SEC. 390. GAS-ONLY LEASES; STATE REQUESTS TO EXAMINE ENERGY AREAS.**

(a) GAS-ONLY LEASES.—Section 8 of the Outer Continental Shelf Lands Act (43 U.S.C. 1337) (as amended by section 321) is amended by adding at the end the following:

''(q) GAS-ONLY LEASES.—

''(1) IN GENERAL.—The Secretary may issue a lease under this section beginning in the 2007–2012 plan period that authorizes development and production only of gas and associated condensate in accordance with regulations issued under paragraph (2).

''(2) REGULATIONS.—Not later than October 1, 2006, the Secretary shall issue regulations that, for purposes of this section—

''(A) define natural gas so that the definition—

''(i) includes—

''(I) hydrocarbons and other substances in a gaseous state at atmospheric pressure and a temperature of 60 degrees Fahrenheit;

''(II) liquids that condense from natural gas in the process of treatment, dehydration, decompression, or compression prior to the point for measuring volume and quality of the production established by the Minerals Management Service; and

''(III) natural gas liquefied for transportation; and

''(ii) excludes crude oil;

''(B) provide that gas-only leases shall contain the same rights and obligations established for oil and gas leases;

''(C) provide that, in reviewing the adequacy of bids for gas-only leases, the Minerals Management Service shall exclude the value of any crude oil estimated to be discovered within the boundaries of the leasing area;

''(D) provide for cancellation of a gas-only lease, with payment of the fair value of the lease rights canceled, if the Secretary determines that any natural gas discovered within the boundaries of the leasing area cannot be produced without causing an unacceptable waste of crude oil discovered in association with the natural gas; and

''(E) provide that, at the request and with the consent of the Governor of the State adjacent to the lease area, as determined under section 18(i)(2)(B)(i), and with the consent of the lessee, an existing gas-only lease may be converted, without an increase in the rental or royalty rate and without further payment in the nature of a lease bonus, to a lease under subsection (b), in accordance with a process, to be established by the Secretary, that requires—

''(i) consultation by the Secretary with the Governor of the State and the lessee with respect to the operating conditions of the lease, taking into consideration environmental resource conservation and recovery, economic factors, and other factors, as the Secretary determines to be relevant; and

''(ii) compliance with the National Environmental Policy Act of 1969 (42 U.S.C. 4321 et seq.).

''(3) EFFECT OF OTHER LAWS.—Any Federal law (including regulations) that applies to an oil and gas lease on the Outer Continental Shelf shall apply to a gas-only lease issued under this subsection.''.

(b) STATE REQUESTS TO EXAMINE ENERGY AREAS.—Section 18 of the Outer Continental Shelf Lands Act (43 U.S.C. 1344) is amended by adding at the end the following:

''(i) STATE REQUESTS TO EXAMINE ENERGY AREAS.—

''(1) DEFINITIONS.—In this subsection:

''(A) LEASE.—The term 'lease' includes a gas-only lease under section 8(q).

''(B) MORATORIUM AREA.—The term 'moratorium area' means—

''(i) any area withdrawn from disposition by leasing by the memorandum entitled 'Memorandum on Withdrawal of Certain Areas of the United States Outer Continental Shelf from Leasing Disposition' (34 Weekly Comp. Pres. Doc. 1111 (June 12, 1998)); and

''(ii) any area of the outer Continental Shelf as to which Congress has denied the use of appropriated funds or other means for preleasing, leasing, or related activities.

''(2) RESOURCE ESTIMATES.—

''(A) REQUESTS.—At any time, the Governor of an affected State, acting on behalf of the State, may request the Secretary to provide a current estimate of proven and potential gas, or oil and gas, resources in any moratorium area (or any part of the moratorium area the Governor identifies) adjacent to, or lying seaward of the coastline of, that State.

''(B) RESPONSE OF SECRETARY.—Not later than 45 days after the date on which the Governor of a State requests an estimate under subparagraph (A), the Secretary shall provide—

''(i) a delineation of the lateral boundaries between the coastal States, in accordance with—

''(I) any judicial decree or interstate compact delineating lateral offshore boundaries between coastal States:

''(II) any principles of domestic and international law governing the delineation of lateral offshore boundaries; and

''(III) to the maximum extent practicable, existing lease boundaries and block lines based on the official protraction diagrams of the Secretary;

''(ii) a current inventory of proven and potential gas, or oil and gas, resources in any moratorium areas within the area off the shore of a State, in accordance with the lateral boundaries delineated under clause (i), as requested by the Governor; and

''(iii) an explanation of the planning processes that could lead to the leasing, exploration, development, and production of the gas, or oil and gas, resources within the area identified.

''(3) MAKING CERTAIN AREAS AVAILABLE FOR LEASING.—

''(A) PETITION.—

''(i) IN GENERAL.—On consideration of the information received from the Secretary, the Governor (acting on behalf of the State of the Governor) may submit to the Secretary a petition requesting that the Secretary make available for leasing any portion of a moratorium area off the coast of the State, in accordance with the lateral boundaries delineated under paragraph (2)(B)(i).

''(ii) CONTENTS.—In a petition under clause (i), a Governor may request that an area described in that clause be made available for leasing under subsection (b) or (q), or both, of section 8.

''(B) ACTION BY SECRETARY.—Not later than 90 days after the date of receipt of a petition under subparagraph (A), the Secretary shall approve the petition unless the Secretary determines that leasing in the affected area presents a significant likelihood of incidents associated with the development of resources that would cause serious harm or damage to the marine resources of the area or of an adjacent State.

''(C) FAILURE TO ACT.—If the Secretary fails to approve or deny a petition in accordance with subparagraph (B), the petition shall be considered to be approved as of the date that is 90 days after the date of receipt of the petition.

''(D) TREATMENT.—Notwithstanding any other provision of this section, not later than 180 days after the date on which a petition is approved, or considered to be approved, under subparagraph (B) or (C), the Secretary shall—

''(i) treat the petition of the Governor under subparagraph (A) as a proposed revision to a leasing program under this section; and

''(ii) except as provided in subparagraph (E), expedite the revision of the 5-year outer Continental Shelf oil and gas leasing program in effect as of that date to include any lease sale for any area covered by the petition.

''(E) INCLUSION IN SUBSEQUENT PLANS.—

''(i) IN GENERAL.—If there are fewer than 18 months remaining in the 5-year outer Continental Shelf oil and gas leasing program described in subparagraph (D)(ii), the Secretary, without consultation with any State, shall include the areas covered by the petition in lease sales under the subsequent 5-year outer Continental Shelf oil and gas leasing program.

''(ii) ENVIRONMENTAL ASSESSMENT.—Before modifying a 5-Year Outer Continental Shelf Oil and Gas Leasing Program under clause (i), the Secretary shall complete an environmental assessment that describes any anticipated environmental effect of leasing in the area under the petition.

''(F) SPENDING LIMITATIONS.—Any Federal spending limitation with respect to preleasing, leasing, or a related activity in an area made available for leasing under this paragraph shall terminate as of the date on which the petition of the Governor relating to the area is approved, or considered to be approved, under subparagraph (B) or (C).

''(G) COASTAL ZONE MANAGEMENT.—For purposes of title III of the Coastal Zone Management Act of 1972 (16 U.S.C. 1451 et seq.), any activity relating to leasing and subsequent production in an area made available for leasing under this paragraph shall—

''(i) if the leased area is located more than 20 miles offshore of an adjacent State (or the boundaries of the State as delineated under paragraph (2)(B)), be considered by the Secretary of Commerce to be necessary to the interest of national security and be carried out notwithstanding the objection of a State to a consistency certification under that Act; or

''(ii) if the leased area is located not greater than 20 miles offshore of an adjacent State, be subject to section 307(c) of that Act (16 U.S.C. 1456(c)).

''(4) REVENUE SHARING.—

''(A) BONUS BIDS.—If the Governor of a State requests the Secretary to allow gas, or oil or natural gas, leasing in the moratorium area and the Secretary allows that leasing, the State shall, without further appropriation or action, receive 25 percent of any bonus bid paid for leasing rights in the area.

''(B) POST LEASING REVENUES.—In addition to bonus bids under subparagraph (A), a State described in subparagraph (A) shall receive 25 percent of—

''(i) any lease rental minimum royalty;

''(ii) any royalty proceeds from a sale of royalties taken in kind by the Secretary; and

''(iii) any other revenues from a bidding system under section 8.

''(C) CONSERVATION ROYALTIES.—After making distributions in accordance with subparagraphs (A) and (B), and in accordance with section 31, the Secretary, in coordination with the Governor of a State, shall, without further appropriation or action, distribute a conservation royalty of 12.5 percent of Federal royalty revenues in an area leased under this section, not to exceed $1,250,000,000 for any year, to 1 or more of the following:

''(i) The Coastal and Estuary Habitat Restoration Trust Fund.

''(ii) The wildlife restoration fund established under section 3 of the Pittman–Robertson Wildlife Restoration Act (16 U.S.C. 669b).

''(iii) The Land and Water Conservation Fund to provide financial assistance to States under section 6 of that Act (16 U.S.C. 460*l*–8).

''(5) APPLICATION.—This subsection shall not apply to—

''(A) any area designated as a national marine sanctuary or a national wildlife refuge;

''(B) the Lease Sale 181 planning area;

''(C) any area not included in the outer Continental Shelf;

''(D) the Great Lakes, as defined in section 118(a)(3) of the Federal Water Pollution Control Act (33 U.S.C. 1268(a)(3)); or

''(E) the eastern coast of the State of Florida.''.

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**SA 907.** Mr. ALEXANDER submitted an amendment intended to be proposed by him to the bill H.R. 6, to ensure jobs for our future with secure, affordable, and reliable energy; which was ordered to lie on the table; as follows:

On page 327, after line 21, add the following:

**SEC. 390. GAS-ONLY LEASES; STATE REQUESTS TO EXAMINE ENERGY AREAS.**

(a) GAS-ONLY LEASES.—Section 8 of the Outer Continental Shelf Lands Act (43 U.S.C. 1337) (as amended by section 321) is amended by adding at the end the following:

''(q) GAS-ONLY LEASES.—

''(1) IN GENERAL.—The Secretary may issue a lease under this section beginning in the 2007–2012 plan period that authorizes development and production only of gas and associated condensate in accordance with regulations issued under paragraph (2).

''(2) REGULATIONS.—Not later than October 1, 2006, the Secretary shall issue regulations that, for purposes of this section—

''(A) define natural gas so that the definition—

''(i) includes—

''(I) hydrocarbons and other substances in a gaseous state at atmospheric pressure and a temperature of 60 degrees Fahrenheit;

''(II) liquids that condense from natural gas in the process of treatment, dehydration, decompression, or compression prior to the point for measuring volume and quality of the production established by the Minerals Management Service; and

''(III) natural gas liquefied for transportation; and

''(ii) excludes crude oil;

''(B) provide that gas-only leases shall contain the same rights and obligations established for oil and gas leases;

''(C) provide that, in reviewing the adequacy of bids for gas-only leases, the Minerals Management Service shall exclude the value of any crude oil estimated to be discovered within the boundaries of the leasing area;

''(D) provide for cancellation of a gas-only lease, with payment of the fair value of the lease rights canceled, if the Secretary determines that any natural gas discovered within the boundaries of the leasing area cannot be produced without causing an unacceptable waste of crude oil discovered in association with the natural gas; and

''(E) provide that, at the request and with the consent of the Governor of the State adjacent to the lease area, as determined under section 18(i)(2)(B)(i), and with the consent of the lessee, an existing gas-only lease may be converted, without an increase in the rental or royalty rate and without further payment in the nature of a lease bonus, to a lease under subsection (b), in accordance with a process, to be established by the Secretary, that requires—

''(i) consultation by the Secretary with the Governor of the State and the lessee with respect to the operating conditions of the lease, taking into consideration environmental resource conservation and recovery, economic factors, and other factors, as the Secretary determines to be relevant; and

''(ii) compliance with the National Environmental Policy Act of 1969 (42 U.S.C. 4321 et seq.).

''(3) EFFECT OF OTHER LAWS.—Any Federal law (including regulations) that applies to an oil and gas lease on the Outer Continental Shelf shall apply to a gas-only lease issued under this subsection.''.

(b) STATE REQUESTS TO EXAMINE ENERGY AREAS.—Section 18 of the Outer Continental Shelf Lands Act (43 U.S.C. 1344) is amended by adding at the end the following:

''(i) STATE REQUESTS TO EXAMINE ENERGY AREAS.—

''(1) DEFINITIONS.—In this subsection:

''(A) LEASE.—The term 'lease' includes a gas-only lease under section 8(q).

''(B) MORATORIUM AREA.—The term 'moratorium area' means—

''(i) any area withdrawn from disposition by leasing by the memorandum entitled 'Memorandum on Withdrawal of Certain Areas of the United States Outer Continental Shelf from Leasing Disposition' (34 Weekly Comp. Pres. Doc. 1111 (June 12, 1998)); and

''(ii) any area of the outer Continental Shelf as to which Congress has denied the use of appropriated funds or other means for preleasing, leasing, or related activities.

''(2) RESOURCE ESTIMATES.—

''(A) REQUESTS.—At any time, the Governor of an affected State, acting on behalf of the State, may request the Secretary to provide a current estimate of proven and potential gas, or oil and gas, resources in any moratorium area (or any part of the moratorium area the Governor identifies) adjacent to, or lying seaward of the coastline of, that State.

''(B) RESPONSE OF SECRETARY.—Not later than 45 days after the date on which the Governor of a State requests an estimate under subparagraph (A), the Secretary shall provide—

''(i) a delineation of the lateral boundaries between the coastal States, in accordance with—

''(I) any judicial decree or interstate compact delineating lateral offshore boundaries between coastal States:

''(II) any principles of domestic and international law governing the delineation of lateral offshore boundaries; and

''(III) to the maximum extent practicable, existing lease boundaries and block lines based on the official protraction diagrams of the Secretary;

''(ii) a current inventory of proven and potential gas, or oil and gas, resources in any moratorium areas within the area off the shore of a State, in accordance with the lateral boundaries delineated under clause (i), as requested by the Governor; and

''(iii) an explanation of the planning processes that could lead to the leasing, exploration, development, and production of the gas, or oil and gas, resources within the area identified.

''(3) MAKING CERTAIN AREAS AVAILABLE FOR LEASING.—

''(A) PETITION.—

''(i) IN GENERAL.—On consideration of the information received from the Secretary, the Governor (acting on behalf of the State of the Governor) may submit to the Secretary a petition requesting that the Secretary make available for leasing any portion of a moratorium area off the coast of the State, in accordance with the lateral boundaries delineated under paragraph (2)(B)(i).

''(ii) CONTENTS.—In a petition under clause (i), a Governor may request that an area described in that clause be made available for leasing under subsection (b) or (q), or both, of section 8.

''(B) ACTION BY SECRETARY.—Not later than 90 days after the date of receipt of a petition under subparagraph (A), the Secretary shall approve the petition unless the Secretary determines that leasing in the affected area presents a significant likelihood of incidents associated with the development of resources that would cause serious harm or damage to the marine resources of the area or of an adjacent State.

''(C) FAILURE TO ACT.—If the Secretary fails to approve or deny a petition in accordance with subparagraph (B), the petition shall be considered to be approved as of the date that is 90 days after the date of receipt of the petition.

''(D) TREATMENT.—Notwithstanding any other provision of this section, not later than 180 days after the date on which a petition is approved, or considered to be approved, under subparagraph (B) or (C), the Secretary shall—

''(i) treat the petition of the Governor under subparagraph (A) as a proposed revision to a leasing program under this section; and

''(ii) except as provided in subparagraph (E), expedite the revision of the 5-year outer Continental Shelf oil and gas leasing program in effect as of that date to include any lease sale for any area covered by the petition.

''(E) INCLUSION IN SUBSEQUENT PLANS.—

''(i) IN GENERAL.—If there are fewer than 18 months remaining in the 5-year outer Continental Shelf oil and gas leasing program described in subparagraph (D)(ii), the Secretary, without consultation with any State, shall include the areas covered by the petition in lease sales under the subsequent 5-year outer Continental Shelf oil and gas leasing program.

''(ii) ENVIRONMENTAL ASSESSMENT.—Before modifying a 5-Year Outer Continental Shelf Oil and Gas Leasing Program under clause (i), the Secretary shall complete an environmental assessment that describes any anticipated environmental effect of leasing in the area under the petition.

''(F) SPENDING LIMITATIONS.—Any Federal spending limitation with respect to preleasing, leasing, or a related activity in an area made available for leasing under this paragraph shall terminate as of the date on which the petition of the Governor relating to the area is approved, or considered to be approved, under subparagraph (B) or (C).

''(G) COASTAL ZONE MANAGEMENT.—For purposes of title III of the Coastal Zone Management Act of 1972 (16 U.S.C. 1451 et seq.), any activity relating to leasing and subsequent production in an area made available for leasing under this paragraph shall—

''(i) if the leased area is located more than 20 miles offshore of an adjacent State (or the boundaries of the State as delineated under paragraph (2)(B)), be considered by the Secretary of Commerce to be necessary to the interest of national security and be carried out notwithstanding the objection of a State to a consistency certification under that Act; or

''(ii) if the leased area is located not greater than 20 miles offshore of an adjacent State, be subject to section 307(c) of that Act (16 U.S.C. 1456(c)).

''(4) REVENUE SHARING.—

''(A) BONUS BIDS.—If the Governor of a State requests the Secretary to allow gas, or oil or natural gas, leasing in the moratorium area and the Secretary allows that leasing, the State shall, without further appropriation or action, receive 25 percent of any bonus bid paid for leasing rights in the area.

''(B) POST LEASING REVENUES.—In addition to bonus bids under subparagraph (A), a State described in subparagraph (A) shall receive 25 percent of—

''(i) any lease rental minimum royalty;

''(ii) any royalty proceeds from a sale of royalties taken in kind by the Secretary; and

''(iii) any other revenues from a bidding system under section 8.

''(C) CONSERVATION ROYALTIES.—After making distributions in accordance with subparagraphs (A) and (B), and in accordance with section 31, the Secretary, in coordination with the Governor of a State, shall, without further appropriation or action, distribute a conservation royalty of 12.5 percent of Federal royalty revenues in an area leased under this section, not to exceed $1,250,000,000 for any year, to 1 or more of the following:

''(i) The Coastal and Estuary Habitat Restoration Trust Fund.

''(ii) The wildlife restoration fund established under section 3 of the Pittman–Robertson Wildlife Restoration Act (16 U.S.C. 669b).

''(iii) The Land and Water Conservation Fund to provide financial assistance to States under section 6 of that Act (16 U.S.C. 460*l*–8).

''(5) APPLICATION.—This subsection shall not apply to—

''(A) any area designated as a national marine sanctuary or a national wildlife refuge;

''(B) the Lease Sale 181 planning area;

''(C) any area not included in the outer Continental Shelf;

''(D) the Great Lakes, as defined in section 118(a)(3) of the Federal Water Pollution Control Act (33 U.S.C. 1268(a)(3)); or

''(E) the eastern coast of the State of Florida.''.

(c) GREAT LAKES OIL AND GAS DRILLING BAN.—No Federal or State permit or lease shall be issued for new oil and gas slant, directional, or offshore drilling in or under 1 or more of the Great Lakes (as defined in section 118(a)(3) of the Federal Water Pollution Control Act (33 U.S.C. 1268(a)(3))).

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**SA 908.** Mr. ALEXANDER submitted an amendment intended to be proposed by him to the bill H.R. 6, to ensure jobs for our future with secure, affordable, and reliable energy; which was ordered to lie on the table; as follows:

At the appropriate place, insert the following:

**SEC. ____. ADVANCED TECHNOLOGY MOTOR VEHICLES MANUFACTURING CREDIT.**

(a) IN GENERAL.—Subpart B of part IV of subchapter A of chapter 1 (relating to foreign tax credit, etc.), as amended by this Act, is amended by adding at the end the following new section:

**''SEC. 30D. ADVANCED TECHNOLOGY MOTOR VEHICLES MANUFACTURING CREDIT.**

''(a) CREDIT ALLOWED.—

''(1) IN GENERAL.—There shall be allowed as a credit against the tax imposed by this chapter for the taxable year an amount equal to 35 percent of the qualified investment of an eligible taxpayer for such taxable year.

''(2) LIMITATION.—The credit allowed under subsection (a) for any taxable year shall not exceed $25,000,000.

''(b) ELIGIBLE TAXPAYER.—For purposes of this section, the term 'eligible taxpayer' means any taxpayer if more than 50 percent of its gross receipts from manufacturing (as determined under section 199) for the taxable year is derived from the manufacture of motor vehicles or any component parts of such vehicles.

''(c) QUALIFIED INVESTMENT.—For purposes of this section—

''(1) IN GENERAL.—The qualified investment for any taxable year is equal to the incremental costs incurred during such taxable year—

''(A) to re-equip or expand a manufacturing facility of the eligible taxpayer to produce advanced technology motor vehicles or to produce eligible components,

''(B) for engineering integration of such vehicles and components as described in subsection (e), and

''(C) for research and development related to advanced technology motor vehicles and eligible components.

''(2) ATTRIBUTION RULES.—In the event a facility of the taxpayer produces both advanced technology motor vehicles and conventional motor vehicles, or eligible and non-eligible components, only the qualified investment attributable to production of advanced technology motor vehicles and eligible components shall be taken into account.

''(d) ADVANCED TECHNOLOGY MOTOR VEHICLES AND ELIGIBLE COMPONENTS.—For purposes of this section—

''(1) ADVANCED TECHNOLOGY MOTOR VEHICLE.—The term 'advanced technology motor vehicle' means—

''(A) any new advanced lean burn technology motor vehicle (as defined in section 30B(c)(3)), or

''(B) any new qualified hybrid motor vehicle (as defined in section 30B(d)(2)(A) and determined without regard to any gross vehicle weight rating).

''(2) ELIGIBLE COMPONENTS.—The term 'eligible component' means any component inherent to any advanced technology motor vehicle, including—

''(A) with respect to any gasoline or diesel-electric new qualified hybrid motor vehicle—

''(i) electric motor or generator,

''(ii) power split device,

''(iii) power control unit,

''(iv) power controls,

''(v) integrated starter generator, or

''(vi) battery,

''(B) with respect to any hydraulic new qualified hybrid motor vehicle—

''(i) hydraulic accumulator vessel,

''(ii) hydraulic pump, or

''(iii) hydraulic pump-motor assembly,

''(C) with respect to any new advanced lean burn technology motor vehicle—

''(i) diesel engine,

''(ii) turbocharger,

''(iii) fuel injection system, or

''(iv) after-treatment system, such as a particle filter or $NO_x$ absorber, and

''(D) with respect to any advanced technology motor vehicle, any other component submitted for approval by the Secretary.

''(e) ENGINEERING INTEGRATION COSTS.—For purposes of subsection (c)(1)(B), costs for engineering integration are costs incurred prior to the market introduction of advanced technology vehicles for engineering tasks related to—

''(1) establishing functional, structural, and performance requirements for component and subsystems to meet overall vehicle objectives for a specific application,

''(2) designing interfaces for components and subsystems with mating systems within a specific vehicle application,

''(3) designing cost effective, efficient, and reliable manufacturing processes to produce components and subsystems for a specific vehicle application, and

''(4) validating functionality and performance of components and subsystems for a specific vehicle application.

''(f) LIMITATION BASED ON AMOUNT OF TAX.—The credit allowed under subsection (a) for the taxable year shall not exceed the excess of—

''(1) the sum of—

''(A) the regular tax liability (as defined in section 26(b)) for such taxable year, plus

''(B) the tax imposed by section 55 for such taxable year and any prior taxable year beginning after 1986 and not taken into account under section 53 for any prior taxable year, over

''(2) the sum of the credits allowable under subpart A and sections 27, 30, and 30B for the taxable year.

''(g) REDUCTION IN BASIS.—For purposes of this subtitle, if a credit is allowed under this section for any expenditure with respect to any property, the increase in the basis of such property which would (but for this paragraph) result from such expenditure shall be reduced by the amount of the credit so allowed.

''(h) NO DOUBLE BENEFIT.—

''(1) COORDINATION WITH OTHER DEDUCTIONS AND CREDITS.—Except as provided in paragraph (2), the amount of any deduction or other credit allowable under this chapter for any cost taken into account in determining the amount of the credit under subsection (a)

shall be reduced by the amount of such credit attributable to such cost.

''(2) RESEARCH AND DEVELOPMENT COSTS.—

''(A) IN GENERAL.—Except as provided in subparagraph (B), any amount described in subsection (c)(1)(C) taken into account in determining the amount of the credit under subsection (a) for any taxable year shall not be taken into account for purposes of determining the credit under section 41 for such taxable year.

''(B) COSTS TAKEN INTO ACCOUNT IN DETERMINING BASE PERIOD RESEARCH EXPENSES.—Any amounts described in subsection (c)(1)(C) taken into account in determining the amount of the credit under subsection (a) for any taxable year which are qualified research expenses (within the meaning of section 41(b)) shall be taken into account in determining base period research expenses for purposes of applying section 41 to subsequent taxable years.

''(i) BUSINESS CARRYOVERS ALLOWED.—If the credit allowable under subsection (a) for a taxable year exceeds the limitation under subsection (f) for such taxable year, such excess (to the extent of the credit allowable with respect to property subject to the allowance for depreciation) shall be allowed as a credit carryback and carryforward under rules similar to the rules of section 39.

''(j) SPECIAL RULES.—For purposes of this section, rules similar to the rules of paragraphs (4) and (5) of section 179A(e) and paragraphs (1) and (2) of section 41(f) shall apply

''(k) ELECTION NOT TO TAKE CREDIT.—No credit shall be allowed under subsection (a) for any property if the taxpayer elects not to have this section apply to such property.

''(l) REGULATIONS.—The Secretary shall prescribe such regulations as necessary to carry out the provisions of this section.

''(m) TERMINATION.—This section shall not apply to any qualified investment after December 31, 2010.''.

(b) CONFORMING AMENDMENTS.—

(1) Section 1016(a), as amended by this Act, is amended by striking ''and'' at the end of paragraph (39), by striking the period at the end of paragraph (40) and inserting '', and'', and by adding at the end the following new paragraph:

''(41) to the extent provided in section 30D(g).''.

(2) Section 6501(m), as amended by this Act, is amended by inserting ''30D(k),'' after ''30C(j),''.

(3) The table of sections for subpart B of part IV of subchapter A of chapter 1, as amended by this Act, is amended by inserting after the item relating to section 30C the following new item:

''Sec. 30D. Advanced technology motor vehicles manufacturing credit.''.

(c) EFFECTIVE DATE.—The amendments made by this section (other than subsection (d)) shall apply to amounts incurred in taxable years beginning after December 31, 2006.

(d) REDUCTION IN PERIOD BY WHICH RENEWABLE ENERGY PRODUCTION CREDIT EXTENDED.—Section 45(d) of the Internal Revenue Code of 1986 (relating to qualified facilities), as amended by section 1501, is amended by striking ''2009'' each place it appears in paragraphs (1) through (7) and inserting ''2008''.

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**SA 909.** Mr. ALEXANDER (for himself, Mr. WARNER, Ms. LANDRIEU, Mr. MCCAIN, Mr. ALLEN, Mr. VOINOVICH, and Mr. BROWNBACK) submitted an amendment intended to be proposed by him to the bill H.R. 6, to ensure jobs for our future with secure, affordable, and reliable energy; which was ordered to lie on the table; as follows:

On page 697, between lines 6 and 7, insert the following:

**SEC. 1270A. LOCAL CONTROL FOR SITING OF WINDMILS.**

(a) LOCAL NOTIFICATION.—Prior to the Federal Energy Regulatory Commission issuing to any wind turbine project its Exempt-Wholesale Generator Status, Market-Based Rate Authority, or Qualified Facility rate schedule, the wind project shall complete its Local Notification Process.

(b) LOCAL NOTIFICATION PROCESS.—

(1) In this section, the term ''Local Authorities'' means the governing body, and the senior executive of the body, at the lowest level of government that possesses authority under State law to carry out this Act.

(2) Applicant shall notify in writing the Local Authorities on the day of the filing of such Market-Based Rate application or Federal Energy Regulatory Commission Form number 556 (or a successor form) at the Federal Energy Regulatory Commission. Evidence of such notification shall be submitted to the Federal Energy Regulatory Commission.

(3) The Federal Energy Regulatory Commission shall notify in writing the Local Authorities within 10 days of the filing of such Market-Based Rate application or Federal Energy Regulatory Commission Form number 556 (or a successor form) at the Federal Energy Regulatory Commission.

(4) The Federal Energy Regulatory Commission shall not issue to the project Market-Based Rate Authority, Exempt Wholesaler Generator Status, or Qualified Facility rate schedule, until 180 days after the date on which the Federal Energy Regulatory Commission notifies the Local Authorities under paragraph (3).

(c) HIGHLY SCENIC AREA AND FEDERAL LAND.—

(1)(A) A Highly Scenic Area is—

(i) any area listed as an official United Nations Educational, Scientific, and Cultural Organization World Heritage Site, as supported by the Department of the Interior, the National Park Service, and the International Council on Monuments and Sites;

(ii) land designated as a National Park;

(iii) a National Lakeshore;

(iv) a National Seashore;

(v) a National Wildlife Refuge that is adjacent to an ocean;

(vi) a National Military Park;

(vii) the Flint Hills National Wildlife Reserve;

(viii) the Tallgrass Prairie National Preserve; or

(ix) the Flint Hills Tallgrass Prairie Preserve or the Konza Prairie in the State of Kansas.

(B) The term ''Highly Scenic Area'' does not include—

(i) any coastal wildlife refuge located in the State of Louisiana; or

(ii) any area in the State of Alaska.

(2) A Qualified Wind Project is any wind-turbine project located—

(A)(i) in a Highly Scenic Area; or

(ii) within 20 miles of the boundaries of an area described in subparagraph (A), (B), (C), (D), or (F) of paragraph (1); or

(B) within 20 miles off the coast of a National Wildlife Refuge that is adjacent to an ocean.

(3) Prior to the Federal Energy Regulatory Commission issuing to a Qualified Wind Project its Exempt-Wholesale Generator Status, Market-Based Rate Authority, or Qualified Facility rate schedule, an environmental impact statement shall be conducted and completed by the lead agency in accordance with the National Environmental Policy Act of 1969 (42 U.S.C. 4321 et seq.). If no lead agency is designated, the lead agency shall be the Department of the Interior.

(4) The environmental impact statement determination shall be issued within 12 months of the date of application.

(5) Such environmental impact statement review shall include a cumulative impacts analysis addressing visual impacts and avian mortality analysis of a Qualified Wind Project.

(6) A Qualified Wind Project shall not be eligible for any Federal tax subsidy.

(d) EFFECTIVE DATE.—

(1) This section shall expire 10 years after the date of enactment of this Act.

(2) Nothing in this section shall prevent or discourage environmental review of any wind projects or any Qualified Wind Project on a State or local level.

(e) EFFECT OF SECTION.—Nothing in this section shall apply to a project that, as of the date of enactment of this Act—

(1) is generating energy; or

(2) has been issued a permit by the Federal Energy Regulatory Commission.

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**SA 910.** Mr. THOMAS submitted an amendment intended to be proposed by him to the bill H.R. 6, to ensure jobs for our future with secure, affordable, and reliable energy; which was ordered to lie on the table; as follows:

At the appropriate place insert the following:

**SEC. ___. COMPARABLE ALLOCATIONS OF CAPACITY FOR INTEGRATED GASIFICATION COMBINED CYCLE PROJECTS AMONG MAJOR TYPES OF COAL FEEDSTOCKS.**

(a) IN GENERAL.—Section 48A(e)(2)(A) of the Internal Revenue Code of 1986, as added by this Act, is amended by striking ''certify capacity'' and inserting ''certify capacity in relatively equal amounts''.

(b) EFFECTIVE DATE.—The amendment made by this section shall take effect as if included in the amendment made by section 1506(b) of this Act.

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**SA 911.** Mr. INHOFE (for himself and Mr. CORNYN) submitted an amendment intended to be proposed by him to the bill H.R. 6, to ensure jobs for our future with secure, affordable, and reliable energy; which was ordered to lie on the table; as follows:

On page 523, between line 13 and 14, insert the following:

**SEC. 95___. HEAVY OIL RESEARCH, DEVELOPMENT, AND DEMONSTRATION.**

(a) FINDINGS.—Congress finds that—

(1) the continued imbalance between the oil consumption and conventional crude oil reserves of the United States has resulted in unacceptable dependency on foreign oil supplies;

(2) national energy security requires rapid development of alternative hydrocarbon resources that are both commercially recoverable and compatible with the infrastructure for petroleum processing, distribution, and use in existence as of the date of enactment of this Act;

(3) the Western Hemisphere contains the largest resources of heavy oil and natural bitumen in the world, but no in-depth assessment of domestic heavy oil has been completed since 1987;

(4) an up-to-date, in-depth assessment of domestic heavy oil would be of high value to energy policymakers and industry and could provide insights into formulation of policies, initiatives, and technology for more efficient development of that large domestic resource;

(5) resources of heavy oil and bitumen in the United States and Canada known as of

the date of enactment of this Act alone could supply crude oil demand in both countries for well over 100 years;

(6) the States of Alabama, Alaska, Kentucky, Louisiana, Missouri, Oklahoma, Texas, and Utah have significant deposits of heavy oil and bitumen;

(7) emerging technologies for in situ production of heavy oil and bitumen have been verified experimentally in both Canada and the United States and have been employed successfully in the field in Canada;

(8) Canadian operations have received substantial government subsidies and United States production should receive similar financial support;

(9) potential environmental impacts from in situ production of heavy oil and bitumen appear more manageable than impacts from other processes for unconventional oil extraction;

(10) testing as of the date of enactment of this Act indicates that in some cases, heavy hydrocarbon production technologies can be combined with cogeneration facilities to reduce recovery costs and produce electricity economically; and

(11) current testing indicates that emerging acoustic agglomeration technologies are capable of converting heavy oil production and refinery wastes into materials capable of use in recycling, production, or refining processes, or other reuse to produce electricity, thermal energy, chemicals, liquid fuels, or hydrogen.

(b) PROGRAM.—

(1) IN GENERAL.—The Secretary shall establish a program for research, development, and commercial demonstration of technologies for in situ production of heavy oil and natural bitumen.

(2) ASSESSMENT.—In carrying out the program, the Secretary shall first update the technical and economic assessment of domestic heavy oil resources prepared in 1987 by the Interstate Oil and Gas Compact Commission to cover—

(A) the entire continent of North America; and

(B) all unconventional oil resources, including heavy oil, tar sands, and oil shale.

(c) ADMINISTRATION.—The program shall—

(1) focus initially on technologies and domestic resources most likely to result in significant commercial production in the near future, including technologies that combine heavy oil recovery with electric power generation; and

(2) include research necessary—

(A) to ensure that refinery processes are capable of providing conventional petroleum products from the crude oils derived from heavy oil and bitumen production; and

(B) to assist in recycling and reuse of associated production and refinery wastes.

(d) COST SHARING.—Cost sharing shall not be required under the program.

(e) AUTHORIZATION OF APPROPRIATIONS.—

(1) IN GENERAL.—There is authorized to be appropriated to the Secretary to carry out this section $50,000,000 for each of fiscal years 2006 through 2010.

(2) ASSESSMENT SET-ASIDE.—Of the amount authorized to be applied under paragraph (1) for fiscal year 2006, $1,000,000 shall be provided to the Interstate Oil and Gas Compact Commission for use in updating and expanding the assessment described in subsection (b)(2).

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**SA 912.** Mr. INHOFE submitted an amendment intended to be proposed by him to the bill H.R. 6, to ensure jobs for our future with secure, affordable, and reliable energy; which was ordered to lie on the table; as follows:

At the appropriate place insert the following:

**SEC. ___. ENHANCED OIL RECOVERY INCENTIVES FOR THE PRODUCTION OF OIL FROM SHALE.**

(a) IN GENERAL.—Section 43(c) of the Internal Revenue Code of 1986, as amended by this Act, is amended by adding at the end the following:

''(7) APPLICATION OF SECTION TO QUALIFIED OIL SHALE WELL PROJECTS.—

''(A) IN GENERAL.—For purposes of this section, the taxpayer's qualified oil shale well project costs for any taxable year shall be treated in the same manner as if they were qualified enhanced oil recovery costs.

''(B) QUALIFIED OIL SHALE WELL PROJECT COSTS.—For purposes of this paragraph, the term 'qualified oil shale well project costs' shall be the costs determined under paragraph (1) by substituting 'qualified oil shale well project' for 'qualified enhanced oil recovery project' each place it appears.

''(C) QUALIFIED OIL SHALE WELL PROJECT.—For purposes of this paragraph, the term 'qualified oil shale well project' means any project—

''(i) which involves the construction and operation of a well to produce oil in naturally liquid form from shale, and

''(ii) which is located within the United States.

''(D) PHASE-OUT NOT TO APPLY.—Subsection (b) shall not apply to any qualified oil shale well project.

''(E) TERMINATION.—This paragraph shall not apply to qualified oil well shale project costs paid or incurred after December 31, 2010.''.

(b) EFFECTIVE DATE.—The amendment made by this section shall apply to costs paid or incurred in taxable years ending after December 31, 2005.

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**SA 913.** Mr. GRASSLEY submitted an amendment intended to be proposed by him to the bill H.R. 6, to ensure jobs for our future with secure, affordable, and reliable energy; which was ordered to lie on the table; as follows:

At the appropriate place insert the following:

**SEC. ___. BIODIESEL B20 TREATED AS ALTERNATIVE FUEL FOR VEHICLE REFUELING PROPERTY CREDIT.**

(a) IN GENERAL.—Section 30C(c)(1) of the Internal Revenue Code of 1986, as added by this Act, is amended by inserting ''or any qualified biodiesel mixture (as defined in section 40A(b)(1)(B)) containing at least 20 percent biodiesel'' after ''hydrogen''.

(b) EFFECTIVE DATE.—The amendment made by this section shall apply to property placed in service after December 31, 2005, in taxable years ending after such date.

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**SA 914.** Ms. LANDRIEU (for herself and Mr. SHELBY) submitted an amendment intended to be proposed by him to the bill H.R. 6, to ensure jobs for our future with secure, affordable, and reliable energy; which was ordered to lie on the table; as follows:

On page 310, after line 25, add the following:

**SEC. 372. REPORT ON SHARING OUTER CONTINENTAL SHELF REVENUES.**

Not later than 180 days after the date of enactment of this Act, the Secretary of the Interior shall submit to the Committee on Appropriations of the Senate and the Committee on Appropriations of the House of Representatives a report on alternatives and recommendations of the Secretary for formulas for sharing revenues produced from leasing land on the outer Continental Shelf.

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**SA 915.** Ms. LANDRIEU submitted an amendment intended to be proposed by him to the bill H.R. 6, to ensure jobs for our future with secure, affordable, and reliable energy; which was ordered to lie on the table; as follows:

Beginning on page 326, strike line 22 and all that follows through page 327, line 1, and insert the following:

(c) PURPOSES.—The purposes of the forums shall be to identify and develop best practices for addressing the issues and challenges associated with liquefied natural gas imports and to provide to Congress a report on the proceedings that identifies policy recommendations and issues raised during the forums and otherwise under this section.

(d) REPORT.—The Comptroller General of the United States shall submit to Congress a report describing the proceedings of the forums, including an analysis of the following:

(1) The necessary level of security for liquefied natural gas plants.

(2) Costs to State and local governments with respect to increased security for liquefied natural gas plants.

(3) The necessary infrastructure adjustments for liquefied natural gas plants.

(4) Costs to State and local governments with resect to infrastructure adjustments for liquefied natural gas plants.

(5) Potential environmental impacts of liquefied natural gas plants.

(6) Costs to State and local governments of mitigating environmental impacts of liquefied natural gas plants.

(7) The necessary improvements in emergency evacuation, health care, and firefighting capacities for States and communities that host liquefied natural gas plants.

(8) Potential revenue mechanisms to allow State and local entities to recover the costs of hosting liquefied natural gas plants.

(e) AUTHORIZATION OF APPROPRIATIONS.—There * * *

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**SA 916.** Mr. JEFFORDS (for himself and Mr. LAUTENBERG) submitted an amendment intended to be proposed by him to the bill H.R. 6, to ensure jobs for our future with secure, affordable, and reliable energy; which was ordered to lie on the table; as follows:

On page 130, between lines 6 and 7, insert the following:

**SEC. 202. LEAKING UNDERGROUND STORAGE TANKS.**

Section 210 and the amendments made by section 210 shall have no force or effect.

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**SA 917.** Mr. JEFFORDS submitted an amendment intended to be proposed by him to the bill H.R. 6, to ensure jobs for our future with secure, affordable, and reliable energy; which was ordered to lie on the table; as follows:

On page 122, between lines 14 and 15, insert the following:

**SEC. 152. ANNUAL REPORT ON MILITARY COST OF SECURING UNITED STATES ACCESS TO FOREIGN OIL.**

Not later than December 31, 2005, and annually thereafter, the Secretary of Energy shall, in consultation with the Secretary of Defense and the Secretary of State, submit to Congress a report containing an estimate of the total annual military cost, both financially and with respect to military personnel, of securing United States access to foreign sources of oil.

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**SA 918.** Mr. CORZINE submitted an amendment intended to be proposed by him to the bill H.R. 6, to ensure jobs for our future with secure, affordable, and reliable energy; which was ordered to lie on the table; as follows:

At the end of title XVI, add the following:

**Subtitle C—National Greenhouse Gas Database**

**SEC. 1621. PURPOSE.**

The purpose of this subtitle is to establish a greenhouse gas inventory, reductions registry, and information system that—

(1) are complete, consistent, transparent, and accurate;

(2) will create reliable and accurate data that can be used by public and private entities to design efficient and effective greenhouse gas emission reduction strategies; and

(3) will acknowledge and encourage greenhouse gas emission reductions.

**SEC. 1622. DEFINITIONS.**

In this subtitle:

(1) ADMINISTRATOR.—The term ''Administrator'' means the Administrator of the Environmental Protection Agency.

(2) BASELINE.—The term ''baseline'' means the historic greenhouse gas emission levels of an entity, as adjusted upward by the designated agency to reflect actual reductions that are verified in accordance with—

(A) regulations issued under section 1624(c)(1); and

(B) relevant standards and methods developed under this subtitle.

(3) DATABASE.—The term ''database'' means the National Greenhouse Gas Database established under section 1624.

(4) DESIGNATED AGENCY.—The term ''designated agency'' means a department or agency to which responsibility for a function or program is assigned under the memorandum of agreement entered into under section 1623(a).

(5) DIRECT EMISSIONS.—The term ''direct emissions'' means greenhouse gas emissions by an entity from a facility that is owned or controlled by that entity.

(6) ENTITY.—The term ''entity'' means—

(A) a person located in the United States; or

(B) a public or private entity, to the extent that the entity operates in the United States.

(7) FACILITY.—The term ''facility'' means—

(A) all buildings, structures, or installations located on any 1 or more contiguous or adjacent properties of an entity in the United States; and

(B) a fleet of 20 or more motor vehicles under the common control of an entity.

(8) GREENHOUSE GAS.—The term ''greenhouse gas'' means—

(A) carbon dioxide;

(B) methane;

(C) nitrous oxide;

(D) hydrofluorocarbons;

(E) perfluorocarbons;

(F) sulfur hexafluoride; and

(G) any other anthropogenic, climate-forcing emission with significant ascertainable global warming potential, as—

(i) recommended by the National Academy of Sciences under section 1627(b)(3); and

(ii) determined in regulations issued under section 1624(c)(1) (or revisions to the regulations) to be appropriate and practicable for coverage under this subtitle.

(9) INDIRECT EMISSIONS.—The term ''indirect emissions'' means greenhouse gas emissions that—

(A) are a result of the activities of an entity; but

(B)(i) are emitted from a facility owned or controlled by another entity; and

(ii) are not reported as direct emissions by the entity the activities of which resulted in the emissions.

(10) REGISTRY.—The term ''registry'' means the registry of greenhouse gas emission reductions established as a component of the database under section 1624(b)(2).

(11) SEQUESTRATION.—

(A) IN GENERAL.—The term ''sequestration'' means the capture, long-term separation, isolation, or removal of greenhouse gases from the atmosphere.

(B) INCLUSIONS.—The term ''sequestration'' includes—

(i) soil carbon sequestration;

(ii) agricultural and conservation practices;

(iii) reforestation;

(iv) forest preservation;

(v) maintenance of an underground reservoir; and

(vi) any other appropriate biological or geological method of capture, isolation, or removal of greenhouse gases from the atmosphere, as determined by the Administrator.

**SEC. 1623. ESTABLISHMENT OF MEMORANDUM OF AGREEMENT.**

(a) IN GENERAL.—Not later than 1 year after the date of enactment of this Act, the President, acting through the Director of the Office of National Climate Change Policy, shall direct the Secretary, the Secretary of Commerce, the Secretary of Agriculture, the Secretary of Transportation, and the Administrator to enter into a memorandum of agreement under which those heads of Federal agencies will—

(1) recognize and maintain statutory and regulatory authorities, functions, and programs that—

(A) are established as of the date of enactment of this Act under other law;

(B) provide for the collection of data relating to greenhouse gas emissions and effects; and

(C) are necessary for the operation of the database;

(2)(A) distribute additional responsibilities and activities identified under this subtitle to Federal departments or agencies in accordance with the missions and expertise of those departments and agencies; and

(B) maximize the use of available resources of those departments and agencies; and

(3) provide for the comprehensive collection and analysis of data on greenhouse gas emissions relating to product use (including the use of fossil fuels and energy-consuming appliances and vehicles).

(b) MINIMUM REQUIREMENTS.—The memorandum of agreement entered into under subsection (a) shall, at a minimum, retain the following functions for the designated agencies:

(1) DEPARTMENT OF ENERGY.—The Secretary shall be primarily responsible for developing, maintaining, and verifying the registry and the emission reductions reported under section 1605(b) of the Energy Policy Act of 1992 (42 U.S.C. 13385(b)).

(2) DEPARTMENT OF COMMERCE.—The Secretary of Commerce shall be primarily responsible for the development of—

(A) measurement standards for the monitoring of emissions; and

(B) verification technologies and methods to ensure the maintenance of a consistent and technically accurate record of emissions, emission reductions, and atmospheric concentrations of greenhouse gases for the database.

(3) ENVIRONMENTAL PROTECTION AGENCY.—The Administrator shall be primarily responsible for—

(A) emissions monitoring, measurement, verification, and data collection under this subtitle and title IV (relating to acid deposition control) and title VIII of the Clean Air Act (42 U.S.C. 7651 et seq.), including mobile source emissions information from implementation of the corporate average fuel economy program under chapter 329 of title 49, United States Code; and

(B) responsibilities of the Environmental Protection Agency relating to completion of the national inventory for compliance with the United Nations Framework Convention on Climate Change, done at New York on May 9, 1992.

(4) DEPARTMENT OF AGRICULTURE.—The Secretary of Agriculture shall be primarily responsible for—

(A) developing measurement techniques for—

(i) soil carbon sequestration; and

(ii) forest preservation and reforestation activities; and

(B) providing technical advice relating to biological carbon sequestration measurement and verification standards for measuring greenhouse gas emission reductions or offsets.

(c) DRAFT MEMORANDUM OF AGREEMENT.—Not later than 15 months after the date of enactment of this Act, the President, acting through the Director of the Office of National Climate Change Policy, shall publish in the Federal Register, and solicit comments on, a draft version of the memorandum of agreement described in subsection (a).

(d) NO JUDICIAL REVIEW.—The final version of the memorandum of agreement shall not be subject to judicial review.

**SEC. 1624. NATIONAL GREENHOUSE GAS DATABASE.**

(a) ESTABLISHMENT.—As soon as practicable after the date of enactment of this Act, the designated agencies, in consultation with the private sector and nongovernmental organizations, shall jointly establish, operate, and maintain a database, to be known as the ''National Greenhouse Gas Database'', to collect, verify, and analyze information on greenhouse gas emissions by entities.

(b) NATIONAL GREENHOUSE GAS DATABASE COMPONENTS.—The database shall consist of—

(1) an inventory of greenhouse gas emissions; and

(2) a registry of greenhouse gas emission reductions.

(c) COMPREHENSIVE SYSTEM.—

(1) IN GENERAL.—Not later than 2 years after the date of enactment of this Act, the designated agencies shall jointly promulgate regulations to implement a comprehensive system for greenhouse gas emissions reporting, inventorying, and reductions registration.

(2) REQUIREMENTS.—The designated agencies shall ensure, to the maximum extent practicable, that—

(A) the comprehensive system described in paragraph (1) is designed to—

(i) maximize completeness, transparency, and accuracy of information reported; and

(ii) minimize costs incurred by entities in measuring and reporting greenhouse gas emissions; and

(B) the regulations issued under paragraph (1) establish procedures and protocols necessary—

(i) to prevent the reporting of some or all of the same greenhouse gas emissions or emission reductions by more than 1 reporting entity;

(ii) to provide for corrections to errors in data submitted to the database;

(iii) to provide for adjustment to data by reporting entities that have had a significant organizational change (including mergers, acquisitions, and divestiture), in order to maintain comparability among data in the database over time;

(iv) to provide for adjustments to reflect new technologies or methods for measuring or calculating greenhouse gas emissions; and

(v) to account for changes in registration of ownership of emission reductions resulting from a voluntary private transaction between reporting entities.

(3) BASELINE IDENTIFICATION AND PROTECTION.—Through regulations issued under

paragraph (1), the designated agencies shall develop and implement a system that provides—

(A) for the provision of unique serial numbers to identify the verified emission reductions made by an entity relative to the baseline of the entity;

(B) for the tracking of the reductions associated with the serial numbers; and

(C) that the reductions may be applied, as determined to be appropriate by any Act of Congress enacted after the date of enactment of this Act, toward a Federal requirement under such an Act that is imposed on the entity for the purpose of reducing greenhouse gas emissions.

**SEC. 1625. GREENHOUSE GAS REDUCTION REPORTING.**

(a) IN GENERAL.—An entity that participates in the registry shall meet the requirements described in subsection (b).

(b) REQUIREMENTS.—

(1) IN GENERAL.—The requirements referred to in subsection (a) are that an entity (other than an entity described in paragraph (2)) shall—

(A) establish a baseline (including all of the entity's greenhouse gas emissions on an entity-wide basis); and

(B) submit the report described in subsection (c)(1).

(2) REQUIREMENTS APPLICABLE TO ENTITIES ENTERING INTO CERTAIN AGREEMENTS.—An entity that enters into an agreement with a participant in the registry for the purpose of a carbon sequestration project shall not be required to comply with the requirements specified in paragraph (1) unless that entity is required to comply with the requirements by reason of an activity other than the agreement.

(c) REPORTS.—

(1) REQUIRED REPORT.—Not later than April 1 of the third calendar year that begins after the date of enactment of this Act, and not later than April 1 of each calendar year thereafter, subject to paragraph (3), an entity described in subsection (a) shall submit to each appropriate designated agency a report that describes, for the preceding calendar year, the entity-wide greenhouse gas emissions (as reported at the facility level), including—

(A) the total quantity of each greenhouse gas emitted, expressed in terms of mass and in terms of the quantity of carbon dioxide equivalent;

(B) an estimate of the greenhouse gas emissions from fossil fuel combusted by products manufactured and sold by the entity in the previous calendar year, determined over the average lifetime of those products; and

(C) such other categories of emissions as the designated agency determines in the regulations issued under section 1624(c)(1) may be practicable and useful for the purposes of this subtitle, such as—

(i) direct emissions from stationary sources;

(ii) indirect emissions from imported electricity, heat, and steam;

(iii) process and fugitive emissions; and

(iv) production or importation of greenhouse gases.

(2) VOLUNTARY REPORTING.—An entity described in subsection (a) may (along with establishing a baseline and reporting reductions under this section)—

(A) submit a report described in paragraph (1) before the date specified in that paragraph for the purposes of achieving and commoditizing greenhouse gas reductions through use of the registry; and

(B) submit to any designated agency, for inclusion in the registry, information that has been verified in accordance with regulations issued under section 1624(c)(1) and that relates to—

(i) with respect to the calendar year preceding the calendar year in which the information is submitted, and with respect to any greenhouse gas emitted by the entity—

(I) project reductions from facilities owned or controlled by the reporting entity in the United States;

(II) transfers of project reductions to and from any other entity;

(III) project reductions and transfers of project reductions outside the United States;

(IV) other indirect emissions that are not required to be reported under paragraph (1); and

(V) product use phase emissions;

(ii) with respect to greenhouse gas emission reduction activities of the entity that have been carried out during or after 1990, verified in accordance with regulations issued under section 1624(c)(1), and submitted to 1 or more designated agencies before the date that is 4 years after the date of enactment of this Act, any greenhouse gas emission reductions that have been reported or submitted by an entity under—

(I) section 1605(b) of the Energy Policy Act of 1992 (42 U.S.C. 13385(b)); or

(II) any other Federal or State voluntary greenhouse gas reduction program; and

(iii) any project or activity for the reduction of greenhouse gas emissions or sequestration of a greenhouse gas that is carried out by the entity, including a project or activity relating to—

(I) fuel switching;

(II) energy efficiency improvements;

(III) use of renewable energy;

(IV) use of combined heat and power systems;

(V) management of cropland, grassland, or grazing land;

(VI) a forestry activity that increases forest carbon stocks or reduces forest carbon emissions;

(VII) carbon capture and storage;

(VIII) methane recovery;

(IX) greenhouse gas offset investment; and

(X) any other practice for achieving greenhouse gas reductions as recognized by 1 or more designated agencies.

(3) EXEMPTIONS FROM REPORTING.—

(A) IN GENERAL.—If the Director of the Office of National Climate Change Policy determines under section 1628(b) that the reporting requirements under paragraph (1) shall apply to all entities (other than entities exempted by this paragraph), regardless of participation or nonparticipation in the registry, an entity shall be required to submit reports under paragraph (1) only if, in any calendar year after the date of enactment of this Act—

(i) the total greenhouse gas emissions of at least 1 facility owned by the entity exceeds 10,000 metric tons of carbon dioxide equivalent (or such greater quantity as may be established by a designated agency by regulation); or

(ii)(I) the total quantity of greenhouse gases produced, distributed, or imported by the entity exceeds 10,000 metric tons of carbon dioxide equivalent (or such greater quantity as may be established by a designated agency by regulation); and

(II) the entity is not a feedlot or other farming operation (as defined in section 101 of title 11, United States Code).

(B) ENTITIES ALREADY REPORTING.—

(i) IN GENERAL.—An entity that, as of the date of enactment of this Act, is required to report carbon dioxide emissions data to a Federal agency shall not be required to re-report that data for the purposes of this subtitle.

(ii) REVIEW OF PARTICIPATION.—For the purpose of section 1628, emissions reported under clause (i) shall be considered to be reported by the entity to the registry.

(4) PROVISION OF VERIFICATION INFORMATION BY REPORTING ENTITIES.—Each entity that submits a report under this subsection shall provide information sufficient for each designated agency to which the report is submitted to verify, in accordance with measurement and verification methods and standards developed under section 1626, that the greenhouse gas report of the reporting entity—

(A) has been accurately reported; and

(B) in the case of each voluntary report under paragraph (2), represents—

(i) actual reductions in direct greenhouse gas emissions—

(I) relative to historic emission levels of the entity; and

(II) net of any increases in—

(aa) direct emissions; and

(bb) indirect emissions described in paragraph (1)(C)(ii); or

(ii) actual increases in net sequestration.

(5) FAILURE TO SUBMIT REPORT.—An entity that participates or has participated in the registry and that fails to submit a report required under this subsection shall be prohibited from including emission reductions reported to the registry in the calculation of the baseline of the entity in future years.

(6) INDEPENDENT THIRD-PARTY VERIFICATION.—To meet the requirements of this section and section 1626, a entity that is required to submit a report under this section may—

(A) obtain independent third-party verification; and

(B) present the results of the third-party verification to each appropriate designated agency.

(7) AVAILABILITY OF DATA.—

(A) IN GENERAL.—The designated agencies shall ensure, to the maximum extent practicable, that information in the database is—

(i) published;

(ii) accessible to the public; and

(iii) made available in electronic format on the Internet.

(B) EXCEPTION.—Subparagraph (A) shall not apply in any case in which the designated agencies determine that publishing or otherwise making available information described in that subparagraph poses a risk to national security.

(8) DATA INFRASTRUCTURE.—The designated agencies shall ensure, to the maximum extent practicable, that the database uses, and is integrated with, Federal, State, and regional greenhouse gas data collection and reporting systems in effect as of the date of enactment of this Act.

(9) ADDITIONAL ISSUES TO BE CONSIDERED.—In promulgating the regulations under section 1624(c)(1) and implementing the database, the designated agencies shall take into consideration a broad range of issues involved in establishing an effective database, including—

(A) the appropriate units for reporting each greenhouse gas;

(B) the data and information systems and measures necessary to identify, track, and verify greenhouse gas emission reductions in a manner that will encourage the development of private sector trading and exchanges;

(C) the greenhouse gas reduction and sequestration methods and standards applied in other countries, as applicable or relevant;

(D) the extent to which available fossil fuels, greenhouse gas emissions, and greenhouse gas production and importation data are adequate to implement the database;

(E) the differences in, and potential uniqueness of, the facilities, operations, and business and other relevant practices of persons and entities in the private and public

sectors that may be expected to participate in the registry; and

(F) the need of the registry to maintain valid and reliable information on baselines of entities so that, in the event of any future action by Congress to require entities, individually or collectively, to reduce greenhouse gas emissions, Congress will be able—

(i) to take into account that information; and

(ii) to avoid enacting legislation that penalizes entities for achieving and reporting reductions.

(d) ANNUAL REPORT.—The designated agencies shall jointly publish an annual report that—

(1) describes the total greenhouse gas emissions and emission reductions reported to the database during the year covered by the report;

(2) provides entity-by-entity and sector-by-sector analyses of the emissions and emission reductions reported;

(3) describes the atmospheric concentrations of greenhouse gases; and

(4) provides a comparison of current and past atmospheric concentrations of greenhouse gases.

**SEC. 1626. MEASUREMENT AND VERIFICATION.**

(a) STANDARDS.—

(1) IN GENERAL.—Not later than 1 year after the date of enactment of this Act, the designated agencies shall jointly develop comprehensive measurement and verification methods and standards to ensure a consistent and technically accurate record of greenhouse gas emissions, emission reductions, sequestration, and atmospheric concentrations for use in the registry.

(2) REQUIREMENTS.—The methods and standards developed under paragraph (1) shall address the need for—

(A) standardized measurement and verification practices for reports made by all entities participating in the registry, taking into account—

(i) protocols and standards in use by entities desiring to participate in the registry as of the date of development of the methods and standards under paragraph (1);

(ii) boundary issues, such as leakage and shifted use;

(iii) avoidance of double counting of greenhouse gas emissions and emission reductions; and

(iv) such other factors as the designated agencies determine to be appropriate;

(B) measurement and verification of actions taken to reduce, avoid, or sequester greenhouse gas emissions;

(C) in coordination with the Secretary of Agriculture, measurement of the results of the use of carbon sequestration and carbon recapture technologies, including—

(i) organic soil carbon sequestration practices; and

(ii) forest preservation and reforestation activities that adequately address the issues of permanence, leakage, and verification;

(D) such other measurement and verification standards as the Secretary of Commerce, the Secretary of Agriculture, the Administrator, and the Secretary determine to be appropriate; and

(E) other factors that, as determined by the designated agencies, will allow entities to adequately establish a fair and reliable measurement and reporting system.

(b) REVIEW AND REVISION.—The designated agencies shall periodically review, and revise as necessary, the methods and standards developed under subsection (a).

(c) PUBLIC PARTICIPATION.—The Secretary of Commerce shall—

(1) make available to the public for comment, in draft form and for a period of at least 90 days, the methods and standards developed under subsection (a); and

(2) after the 90-day period referred to in paragraph (1), in coordination with the Secretary, the Secretary of Agriculture, and the Administrator, adopt the methods and standards developed under subsection (a) for use in implementing the database.

(d) EXPERTS AND CONSULTANTS.—

(1) IN GENERAL.—The designated agencies may obtain the services of experts and consultants in the private and nonprofit sectors in accordance with section 3109 of title 5, United States Code, in the areas of greenhouse gas measurement, certification, and emission trading.

(2) AVAILABLE ARRANGEMENTS.—In obtaining any service described in paragraph (1), the designated agencies may use any available grant, contract, cooperative agreement, or other arrangement authorized by law.

**SEC. 1627. INDEPENDENT REVIEWS.**

(a) IN GENERAL.—Not later than 5 years after the date of enactment of this Act, and every 3 years thereafter, the Comptroller General of the United States shall submit to Congress a report that—

(1) describes the efficacy of the implementation and operation of the database; and

(2) includes any recommendations for improvements to this subtitle and programs carried out under this subtitle—

(A) to achieve a consistent and technically accurate record of greenhouse gas emissions, emission reductions, and atmospheric concentrations; and

(B) to achieve the purposes of this subtitle.

(b) REVIEW OF SCIENTIFIC METHODS.—The designated agencies shall enter into an agreement with the National Academy of Sciences under which the National Academy of Sciences shall—

(1) review the scientific methods and standards used by the designated agencies in implementing this subtitle;

(2) not later than 4 years after the date of enactment of this Act, submit to Congress a report that describes any recommendations for improving—

(A) those methods and standards; and

(B) related elements of the programs, and structure of the database, established by this subtitle; and

(3) regularly review and update as appropriate the list of anthropogenic climate-forcing emissions with significant global warming potential described in section 1622(8)(G).

**SEC. 1628. REVIEW OF PARTICIPATION.**

(a) IN GENERAL.—Not later than 5 years after the date of enactment of this Act, the Director of the Office of National Climate Change Policy shall determine whether the reports submitted to the registry under section 1625(c)(1) represent less than 60 percent of the national aggregate anthropogenic greenhouse gas emissions.

(b) INCREASED APPLICABILITY OF REQUIREMENTS.—If the Director of the Office of National Climate Change Policy determines under subsection (a) that less than 60 percent of the aggregate national anthropogenic greenhouse gas emissions are being reported to the registry—

(1) the reporting requirements under section 1625(c)(1) shall apply to all entities (except entities exempted under section 1625(c)(3)), regardless of any participation or nonparticipation by the entities in the registry; and

(2) each entity shall submit a report described in section 1625(c)(1)—

(A) not later than the earlier of—

(i) April 30 of the calendar year immediately following the year in which the Director of the Office of National Climate Change Policy makes the determination under subsection (a); or

(ii) the date that is 1 year after the date on which the Director of the Office of National Climate Change Policy makes the determination under subsection (a); and

(B) annually thereafter.

(c) RESOLUTION OF DISAPPROVAL.—For the purposes of this section, the determination of the Director of the Office of National Climate Change Policy under subsection (a) shall be considered to be a major rule (as defined in section 804(2) of title 5, United States Code) subject to the congressional disapproval procedure under section 802 of title 5, United States Code.

**SEC. 1629. ENFORCEMENT.**

If an entity that is required to report greenhouse gas emissions under section 1625(c)(1) or 1628 fails to comply with that requirement, the Attorney General may, at the request of the designated agencies, bring a civil action in United States district court against the entity to impose on the entity a civil penalty of not more than $25,000 for each day for which the entity fails to comply with that requirement.

**SEC. 1630. REPORT ON STATUTORY CHANGES AND HARMONIZATION.**

Not later than 3 years after the date of enactment of this Act, the President shall submit to Congress a report that describes any modifications to this subtitle or any other provision of law that are necessary to improve the accuracy or operation of the database and related programs under this subtitle.

**SEC. 1631. AUTHORIZATION OF APPROPRIATIONS.**

There are authorized to be appropriated such sums as are necessary to carry out this subtitle.

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**SA 919.** Mr. HARKIN (for himself, Mr. LUGAR, Mr. OBAMA, Mr. COLEMAN, and Mr. BAYH) submitted an amendment intended to be proposed by him to the bill H.R. 6, to ensure jobs for our future with secure, affordable, and reliable energy; which was ordered to lie on the table; as follows:

On page 493, between lines 19 and 20, insert the following:

**SEC. 9___. BIOMASS RESEARCH AND DEVELOPMENT.**

(a) DEFINITIONS.—Section 303 of the Biomass Research and Development Act of 2000 (Public Law 106–224; 7 U.S.C. 8101 note) is amended—

(1) by striking paragraphs (2), (9), and (10);

(2) by redesignating paragraphs (3), (4), (5), (6), (7), and (8) as paragraphs (4), (5), (7), (8), (9), and (10), respectively;

(3) by inserting after paragraph (1) the following:

''(2) BIOBASED FUEL.—The term 'biobased fuel' means any transportation fuel produced from biomass.

''(3) BIOBASED PRODUCT.—The term 'biobased product' means an industrial product (including chemicals, materials, and polymers) produced from biomass, or a commercial or industrial product (including animal feed and electric power) derived in connection with the conversion of biomass to fuel.'';

(4) by inserting after paragraph (5) (as redesignated by paragraph (2)) the following:

''(6) DEMONSTRATION.—The term 'demonstration' means demonstration of technology in a pilot plant or semi-works scale facility.''; and

(5) by striking paragraph (9) (as redesignated by paragraph (2)) and inserting the following:

''(9) NATIONAL LABORATORY.—The term 'National Laboratory' means any of the following laboratories owned by the Department:

''(A) Ames Laboratory.

''(B) Argonne National Laboratory.

''(C) Brookhaven National Laboratory.

''(D) Fermi National Accelerator Laboratory.

''(E) Idaho National Laboratory.

''(F) Lawrence Berkeley National Laboratory.

''(G) Lawrence Livermore National Laboratory.

''(H) Los Alamos National Laboratory.

''(I) National Energy Technology Laboratory.

''(J) National Renewable Energy Laboratory.

''(K) Oak Ridge National Laboratory.

''(L) Pacific Northwest National Laboratory.

''(M) Princeton Plasma Physics Laboratory.

''(N) Sandia National Laboratories.

''(O) Stanford Linear Accelerator Center.

''(P) Thomas Jefferson National Accelerator Facility.''.

(b) COOPERATION AND COORDINATION IN BIOMASS RESEARCH AND DEVELOPMENT.—Section 304 of the Biomass Research and Development Act of 2000 (Public Law 106–224; 7 U.S.C. 8101 note) is amended—

(1) in subsections (a) and (d), by striking ''industrial products'' each place it appears and inserting ''fuels and biobased products'';

(2) by striking subsections (b) and (c); and

(3) by redesignating subsection (d) as subsection (b).

(c) BIOMASS RESEARCH AND DEVELOPMENT BOARD.—Section 305 of the Biomass Research and Development Act of 2000 (Public Law 106–224; 7 U.S.C. 8101 note) is amended—

(1) in subsections (a) and (c), by striking ''industrial products'' each place it appears and inserting ''fuels and biobased products'';

(2) in subsection (b)—

(A) in paragraph (1), by striking ''304(d)(1)(B)'' and inserting ''304(b)(1)(B)''; and

(B) in paragraph (2), by striking ''304(d)(1)(A)'' and inserting ''304(b)(1)(A)''; and

(3) in subsection (c)—

(A) in paragraph (1)(B), by striking ''and'' at the end;

(B) in paragraph (2), by striking the period at the end and inserting a semicolon; and

(C) by adding at the end the following:

''(3) ensure that—

''(A) solicitations are open and competitive with awards made annually; and

''(B) objectives and evaluation criteria of the solicitations are clearly stated and minimally prescriptive, with no areas of special interest; and

''(4) ensure that the panel of scientific and technical peers assembled under section 307(c)(2)(C) to review proposals is composed predominantly of independent experts selected from outside the Departments of Agriculture and Energy.''.

(d) BIOMASS RESEARCH AND DEVELOPMENT TECHNICAL ADVISORY COMMITTEE.—Section 306 of the Biomass Research and Development Act of 2000 (Public Law 106–224; 7 U.S.C. 8101 note) is amended—

(1) in subsection (b)(1)—

(A) in subparagraph (A), by striking ''biobased industrial products'' and inserting ''biofuels'';

(B) by redesignating subparagraphs (B) through (J) as subparagraphs (C) through (K), respectively;

(C) by inserting after subparagraph (A) the following:

''(B) an individual affiliated with the biobased industrial and commercial products industry;'';

(D) in subparagraph (F) (as redesignated by subparagraph (B)) by striking ''an individual'' and inserting ''2 individuals'';

(E) in subparagraphs (C), (D), (G), and (I) (as redesignated by subparagraph (B)) by striking ''industrial products'' each place it appears and inserting ''fuels and biobased products''; and

(F) in subparagraph (H) (as redesignated by subparagraph (B)), by inserting ''and environmental'' before ''analysis'';

(2) in subsection (c)(2)—

(A) in subparagraph (A), by striking ''goals'' and inserting ''objectives, purposes, and considerations'';

(B) by redesignating subparagraphs (B) and (C) as subparagraphs (C) and (D), respectively;

(C) by inserting after subparagraph (A) the following:

''(B) solicitations are open and competitive with awards made annually and that objectives and evaluation criteria of the solicitations are clearly stated and minimally prescriptive, with no areas of special interest;''; and

(D) in subparagraph (C) (as redesignated by subparagraph (B)) by inserting ''predominantly from outside the Departments of Agriculture and Energy'' after ''technical peers''.

(e) BIOMASS RESEARCH AND DEVELOPMENT INITIATIVE.—Section 307 of the Biomass Research and Development Act of 2000 (Public Law 106–224; 7 U.S.C. 8101 note) is amended—

(1) in subsection (a), by striking ''research on biobased industrial products'' and inserting ''research on, and development and demonstration of, biobased fuels and biobased products, and the methods, practices and technologies, biotechnology, for their production''; and

(2) by striking subsections (b) through (e) and inserting the following:

''(b) AGENCIES.—

''(1) AGRICULTURE.—The Secretary of Agriculture, through the point of contact of the Department of Agriculture and in consultation with the Board, shall provide, or enter into, grants, contracts, and financial assistance under this section through the Cooperative State Research, Education, and Extension Service of the Department of Agriculture.

''(2) ENERGY.—The Secretary of Energy, though the point of contact of the Department of Energy and in consultation with the Board, shall provide, or enter into, grants, contracts, and financial assistance under this section through the appropriate agency, as determined by the Secretary of Energy.

''(c) OBJECTIVES.—The objectives of the Initiative are to develop—

''(1) technologies and processes necessary for abundant commercial production of biobased fuels at prices competitive with fossil fuels;

''(2) high-value biobased products—

''(A) to enhance the economic viability of biobased fuels and power; and

''(B) as substitutes for petroleum-based feedstocks and products; and

''(3) a diversity of sustainable domestic sources of biomass for conversion to biobased fuels and biobased products.

''(d) PURPOSES.—The purposes of the Initiative are—

''(1) to increase the energy security of the United States;

''(2) to create jobs and enhance the economic development of the rural economy;

''(3) to enhance the environment and public health; and

''(4) to diversify markets for raw agricultural and forestry products.

''(e) TECHNICAL AREAS.—To advance the objectives and purposes of the Initiative, the Secretary of Agriculture and the Secretary of Energy, in consultation with the Administrator of the Environmental Protection Agency and heads of other appropriate departments and agencies (referred to in this section as the 'Secretaries'), shall direct research and development toward—

''(1) feedstock production through the development of crops and cropping systems relevant to production of raw materials for conversion to biobased fuels and biobased products, including—

''(A) development of advanced and dedicated crops with desired features, including enhanced productivity, broader site range, low requirements for chemical inputs, and enhanced processing;

''(B) advanced crop production methods to achieve the features described in subparagraph (A);

''(C) feedstock harvest, handling, transport, and storage; and

''(D) strategies for integrating feedstock production into existing managed land;

''(2) overcoming recalcitrance of cellulosic biomass through developing technologies for converting cellulosic biomass into intermediates that can subsequently be converted into biobased fuels and biobased products, including—

''(A) pretreatment in combination with enzymatic or microbial hydrolysis; and

''(B) thermochemical approaches, including gasification and pyrolysis;

''(3) product diversification through technologies relevant to production of a range of biobased products (including chemicals, animal feeds, and cogenerated power) that eventually can increase the feasibility of fuel production in a biorefinery, including—

''(A) catalytic processing, including thermochemical fuel production;

''(B) metabolic engineering, enzyme engineering, and fermentation systems for biological production of desired products or cogeneration of power;

''(C) product recovery;

''(D) power production technologies; and

''(E) integration into existing biomass processing facilities, including starch ethanol plants, paper mills, and power plants; and

''(4) analysis that provides strategic guidance for the application of biomass technologies in accordance with realization of societal benefits in improved sustainability and environmental quality, cost effectiveness, security, and rural economic development, usually featuring system-wide approaches.

''(f) ADDITIONAL CONSIDERATIONS.—Within the technical areas described in subsection (e), and in addition to advancing the purposes described in subsection (d) and the objectives described in subsection (c), the Secretaries shall support research and development—

''(1) to create continuously expanding opportunities for participants in existing biofuels production by seeking synergies and continuity with current technologies and practices, including the use of dried distillers grains as a bridge feedstock;

''(2) to maximize the environmental, economic, and social benefits of production of biobased fuels and biobased products on a large scale through life-cycle economic and environmental analysis and other means; and

''(3) to assess the potential of Federal land and land management programs as feedstock resources for biobased fuels and biobased products, consistent with the integrity of soil and water resources and with other environmental considerations.

''(g) ELIGIBLE ENTITIES.—To be eligible for a grant, contract, or assistance under this section, an applicant shall be—

''(1) an institution of higher education;

''(2) a national laboratory;

''(3) a Federal research agency;

''(4) a State research agency;

''(5) a private sector entity;

''(6) a nonprofit organization; or

''(7) a consortium of 2 of more entities described in paragraphs (1) through (6).

''(h) ADMINISTRATION.—

''(1) IN GENERAL.—After consultation with the Board, the points of contact shall—

''(A) publish annually 1 or more joint requests for proposals for grants, contracts, and assistance under this section;

''(B) establish a priority in grants, contracts, and assistance under this section for research that advances the objectives, purposes, and additional considerations of this title;

''(C) require that grants, contracts, and assistance under this section be awarded competitively, on the basis of merit, after the establishment of procedures that provide for scientific peer review by an independent panel of scientific and technical peers; and

''(D) give some preference to applications that—

''(i) involve a consortia of experts from multiple institutions;

''(ii) encourage the integration of disciplines and application of the best technical resources; and

''(iii) increase the geographic diversity of demonstration projects.

''(2) DISTRIBUTION OF FUNDING BY TECHNICAL AREA.—Of the funds authorized to be appropriated for activities described in this section, funds shall be distributed for each fiscal year so as to achieve an approximate distribution of—

''(A) 20 percent of the funds to carry out activities for feedstock production under subsection (e)(1);

''(B) 45 percent of the funds to carry out activities for overcoming recalcitrance of cellulosic biomass under subsection (e)(2);

''(C) 30 percent of the funds to carry out activities for product diversification under subsection (e)(3); and

''(D) 5 percent of the funds to carry out activities for strategic guidance under subsection (e)(4).

''(3) DISTRIBUTION OF FUNDING WITHIN EACH TECHNICAL AREA.—Within each technical area described in paragraphs (1) through (3) of subsection (e), funds shall be distributed for each fiscal year so as to achieve an approximate distribution of—

''(A) 15 percent of the funds for applied fundamentals;

''(B) 35 percent of the funds for innovation; and

''(C) 50 percent of the funds for demonstration.

''(4) MATCHING FUNDS.—

''(A) IN GENERAL.—A minimum 20 percent funding match shall be required for demonstration projects under this title.

''(B) COMMERCIAL APPLICATIONS.—A minimum of 50 percent funding match shall be required for commercial application projects under this title.

''(5) TECHNOLOGY AND INFORMATION TRANSFER TO AGRICULTURAL USERS.—

''(A) IN GENERAL.—The Administrator of the Cooperative State Research, Education, and Extension Service and the Chief of the Natural Resources Conservation Service shall ensure that applicable research results and technologies from the Initiative are adapted, made available, and disseminated through those services, as appropriate.

''(B) REPORT.—Not later than 2 years after the date of enactment of this paragraph, and every 2 years thereafter, the Administrator of the Cooperative State Research, Education, and Extension Service and the Chief of the Natural Resources Conservation Service shall submit to the committees of Congress with jurisdiction over the Initiative a report describing the activities conducted by the services under this subsection.''.

(f) REPORTS.—Section 309 of the Biomass Research and Development Act of 2000 (Public Law 106–224; 7 U.S.C. 8101 note) is amended—

(1) in subsection (a)—

(A) in paragraph (2), by striking ''industrial product'' and inserting ''fuels and biobased products''; and

(B) in paragraph (3), by striking ''industrial products'' each place it appears and inserting ''fuels and biobased products'';

(2) by redesignating subsection (b) as subsection (c);

(3) by inserting after subsection (a) the following:

''(b) ASSESSMENT REPORT AND STRATEGIC PLAN.—Not later than 1 year after the date of enactment of the Energy Policy Act of 2005, the Secretary and the Secretary of Energy shall jointly submit to Congress a report that—

''(1) describes the status and progress of current research and development efforts in both the Federal Government and private sector in achieving the objectives, purposes, and considerations of this title, specifically addressing each of the technical areas identified in section 307(e);

''(2) describes the actions taken to implement the improvements directed by this title; and

''(3) outlines a strategic plan for achieving the objectives, purposes, and considerations of this title.''; and

(4) in subsection (c) (as redesignated by paragraph (2))—

(A) in paragraph (1)—

(i) in subparagraph (A), by striking ''purposes described in section 307(b)'' and inserting ''objectives, purposes, and additional considerations described in subsections (c) through (f) of section 307'';

(ii) in subparagraph (B), by striking ''and'' at the end;

(iii) by redesignating subparagraph (C) as subparagraph (D); and

(iv) by inserting after subparagraph (B) the following:

''(C) achieves the distribution of funds described in paragraphs (2) and (3) of section 307(h); and''; and

(B) in paragraph (2), by striking ''industrial products'' and inserting ''fuels and biobased products''.

(g) AUTHORIZATION OF APPROPRIATIONS.—Section 310(b) of the Biomass Research and Development Act of 2000 (Public Law 106–224; 7 U.S.C. 8101 note) is amended by striking ''title $54,000,000 for each of fiscal years 2002 through 2007'' and inserting''title $200,000,000 for fiscal year 2006 and each fiscal year thereafter''.

(h) HYDROGEN INTERMEDIATE FUELS RESEARCH PROGRAM.—

(1) IN GENERAL.—The Secretary shall conduct a research, development, and demonstration program focused on the economic production and use of hydrogen from biofuels, with emphasis on the rural transportation and rural electrical generation sectors.

(2) TRANSPORTATION SECTOR OBJECTIVES.—

(A) IN GENERAL.—As part of the program conducted under paragraph (1), the Secretary, in coordination with the Secretary of Agriculture, shall conduct a 3-year program of research, development, and demonstration on the use of ethanol and other low-cost transportable renewable feedstocks as intermediate fuels for the safe, energy efficient, and cost-effective transportation of hydrogen.

(B) GOALS.—The goals of the program shall include—

(i) demonstrating the cost-effective conversion of ethanol or other low-cost transportable renewable feedstocks to pure hydrogen suitable for eventual use fuel cells, using existing commercial reforming technology or modest modifications of existing technology to reform ethanol or other low-cost transportable renewable feedstocks into hydrogen;

(ii) converting at least 1 commercially available internal combustion engine hybrid electric passenger vehicle to operate on hydrogen;

(iii) installing and operating an ethanol reformer or reformer for another low-cost transportable renewable feedstock (including onsite hydrogen compression, storage, and dispensing) at the facilities of a fleet operator not later than 1 year after the date of the commencement of the program;

(iv) operating the 1 or more hydrogen internal combustion engine hybrid electric vehicles for a period of 2 years; and

(v) collecting emissions and fuel economy data on the 1 or more hydrogen-powered vehicles over various operating and environmental conditions.

(3) ELECTRICAL GENERATION SECTOR OBJECTIVES.—The objectives of the program conducted under paragraph (1) in the rural electrical generation sector shall be to—

(A) design, develop, and test low-cost gasification equipment to convert biomass to hydrogen at regional rural cooperatives, or at businesses owned by farmers, close to agricultural operations to minimize the cost of biomass transportation to large central gasification plants;

(B) demonstrate low-cost electrical generation at such rural cooperatives or farmer-owned businesses, using renewable hydrogen derived from biomass in either fuel cell generators, or, as an interim cost reduction option, in conventional internal combustion engine gensets;

(C) determine the economic return to cooperatives or other businesses owned by farmers of producing hydrogen from biomass and selling electricity compared to agricultural economic returns from producing and selling conventional crops alone;

(D) evaluate the crop yield and long-term soil sustainability of growing and harvesting of feedstocks for biomass gasification, and

(E) demonstrate the use of a portion of the biomass-derived hydrogen in various agricultural vehicles to reduce—

(i) dependence on imported fossil fuel; and

(ii) environmental impacts.

(4) AUTHORIZATION OF APPROPRIATIONS.—There is authorized to be appropriated to carry out this subsection—

(A) $5,000,000 to carry out paragraph (2); and

(B) $5,000,000 to carry out paragraph (3).

**SEC. 9___. PRODUCTION INCENTIVES FOR CELLULOSIC BIOFUELS.**

(a) PURPOSE.—The purpose of this section is to—

(1) accelerate deployment and commercialization of biofuels;

(2) deliver the first 1,000,000,000 gallons in annual cellulosic biofuels production by 2015;

(3) ensure biofuels produced after 2015 are cost competitive with gasoline and diesel; and

(4) ensure that small feedstock producers and rural small businesses are full participants in the development of the cellulosic biofuels industry.

(b) DEFINITIONS.—In this section:

(1) CELLULOSIC BIOFUELS.—The term ''cellulosic biofuels'' means any fuel that is produced from cellulosic feedstocks.

(2) ELIGIBLE ENTITY.—The term ''eligible entity'' means a producer of fuel from cellulosic biofuels the production facility of which—

(A) is located in the United States;

(B) meets all applicable Federal and State permitting requirements;

(C) is to begin production of cellulosic biofuels not later than 3 years after the date of the reverse auction in which the producer participates; and

(D) meets any financial criteria established by the Secretary.

(3) SECRETARY.—The term ''Secretary'' means the Secretary of Agriculture.

(c) PROGRAM.—

(1) ESTABLISHMENT.—The Secretary, in consultation with the Secretary of Energy, the Secretary of Defense, and the Administrator of the Environmental Protection Agency, shall establish an incentive program for the production of cellulosic biofuels.

(2) BASIS OF INCENTIVES.—Under the program, the Secretary shall award production incentives on a per gallon basis of cellulosic biofuels from eligible entities, through—

(A) set payments per gallon of cellulosic biofuels produced in an amount determined by the Secretary, until initiation of the first reverse auction; and

(B) reverse auction thereafter.

(3) FIRST REVERSE AUCTION.—The first reverse auction shall be held on the earlier of—

(A) not later than 1 year after the first year of annual production in the United States of 100,000,000 gallons of cellulosic biofuels, as determined by the Secretary; or

(B) not later than 3 years after the date of enactment of this Act.

(4) REVERSE AUCTION PROCEDURE.—

(A) IN GENERAL.—On initiation of the first reverse auction, and each year thereafter until the earlier of the first year of annual production in the United States of 1,000,000,000 gallons of cellulosic biofuels, as determined by the Secretary, or 10 years after the date of enactment of this Act, the Secretary shall conduct a reverse auction at which—

(i) the Secretary shall solicit bids from eligible entities;

(ii) eligible entities shall submit—

(I) a desired level of production incentive on a per gallon basis; and

(II) an estimated annual production amount in gallons; and

(iii) the Secretary shall issue awards for the production amount submitted, beginning with the eligible entity submitting the bid for the lowest level of production incentive on a per gallon basis, until the amount of funds available for the reverse auction is committed.

(B) AMOUNT OF INCENTIVE RECEIVED.—An eligible entity selected by the Secretary through a reverse auction shall receive the amount of performance incentive requested in the auction for each gallon produced and sold by the entity during the first 6 years of operation.

(d) LIMITATIONS.—Awards under this section shall be limited to—

(1) a per gallon amount determined by the Secretary during the first 4 years of the program;

(2) a declining per gallon cap over the remaining lifetime of the program, to be established by the Secretary so that cellulosic biofuels produced after the first year of annual cellulosic biofuels production in the United States in excess of 1,000,000,000 gallons are cost competitive with gasoline and diesel;

(3) not more than 25 percent of the funds committed within each reverse auction to any 1 project;

(4) not more than $100,000,000 in any 1 year; and

(5) not more than $1,000,000,000 over the lifetime of the program.

(e) PRIORITY.—In selecting a project under the program, the Secretary shall give priority to projects that—

(1) demonstrate outstanding potential for local and regional economic development;

(2) include agricultural producers or cooperatives of agricultural producers as equity partners in the ventures; and

(3) have a strategic agreement in place to fairly reward feedstock suppliers.

(f) AUTHORIZATIONS OF APPROPRIATIONS.—There is authorized to be appropriated to carry out this section $250,000,000.

**SEC. 9___. PROCUREMENT OF BIOBASED PRODUCTS.**

(a) FEDERAL PROCUREMENT.—

(1) DEFINITION OF PROCURING AGENCY.—Section 9001 of the Farm Security and Rural Investment Act of 2002 (7 U.S.C. 8101) is amended—

(A) by redesignating paragraphs (4), (5), and (6) as paragraphs (5), (6), and (7), respectively; and

(B) by inserting after paragraph (3) the following:

''(4) PROCURING AGENCY.—The term 'procuring agency' means—

''(A) any Federal agency that is using Federal funds for procurement; or

''(B) any person contracting with any Federal agency with respect to work performed under the contract.''.

(2) PROCUREMENT.—Section 9002 of the Farm Security and Rural Investment Act of 2002 (7 U.S.C. 8102) is amended—

(A) by striking ''Federal agency'' each place it appears (other than in subsections (f) and (g)) and inserting ''procuring agency'';

(B) in subsection (c)(2)—

(i) by striking ''(2)'' and all that follows through ''Notwithstanding'' and inserting the following:

''(2) FLEXIBILITY.—Notwithstanding'';

(ii) by striking ''an agency'' and inserting ''a procuring agency''; and

(iii) by striking ''the agency'' and inserting ''the procuring agency'';

(C) in subsection (d), by striking ''procured by Federal agencies'' and inserting ''procured by procuring agencies''; and

(D) in subsection (f), by striking ''Federal agencies'' and inserting ''procuring agencies'' .

(b) CAPITOL COMPLEX PROCUREMENT.—Section 9002 of the Farm Security and Rural Investment Act of 2002 (7 U.S.C. 8102) (as amended by subsection (a)(2)) is amended—

(1) by redesignating subsection (j) as subsection (k); and

(2) by inserting after subsection (i) the following:

''(j) INCLUSION.—Not later than 90 days after the date of enactment of the Energy Policy Act of 2005, the Architect of the Capitol, the Sergeant of Arms of the Senate, and the Chief Administrative Officer of the House of Representatives shall issue regulations that apply the requirements of this section to procurement for the Capitol Complex.''.

(c) EDUCATION.—

(1) IN GENERAL.—The Architect of the Capitol shall establish in the Capitol Complex a program of public education regarding use by the Architect of the Capitol of biobased products.

(2) PURPOSES.—The purposes of the program shall be—

(A) to establish the Capitol Complex as a showcase for the existence and benefits of biobased products; and

(B) to provide access to further information on biobased products to occupants and visitors.

(d) REGULATIONS.—Requirements issued under the amendments made by subsection (b) shall be made in accordance with regulations issued by the Committee on Rules and Administration of the Senate and the Committee on House Administration of the House of Representatives.

**SEC. 9___. SMALL BUSINESS BIOPRODUCT MARKETING AND CERTIFICATION GRANTS.**

(a) IN GENERAL.—Using amounts made available under subsection (g), the Secretary of Agriculture (referred to in this section as the ''Secretary'') shall make available on a competitive basis grants to eligible entities described in subsection (b) for the biobased product marketing and certification purposes described in subsection (c).

(b) ELIGIBLE ENTITIES.—An entity eligible for a grant under this section is any manufacturer of biobased products that—

(1) has fewer than 50 employees;

(2) proposes to use the grant for the biobased product marketing and certification purposes described in subsection (c); and

(3) has not previously received a grant under this section.

(c) BIOBASED PRODUCT MARKETING AND CERTIFICATION GRANT PURPOSES.—A grant made under this section shall be used—

(1) to plan activities and working capital for marketing of biobased products; and

(2) to provide private sector cost sharing for the certification of biobased products.

(d) MATCHING FUNDS.—

(1) IN GENERAL.—Grant recipients shall provide matching non-Federal funds equal to the amount of the grant received.

(2) EXPENDITURE.—Matching funds shall be expended in advance of grant funding, so that for every dollar of grant that is advanced, an equal amount of matching funds shall have been funded prior to submitting the request for reimbursement.

(e) AMOUNT.—A grant made under this section shall not exceed $100,000.

(f) ADMINISTRATION.—The Secretary shall establish such administrative requirements for grants under this section, including requirements for applications for the grants, as the Secretary considers appropriate.

(g) AUTHORIZATIONS OF APPROPRIATIONS.—There are authorized to be appropriated to make grants under this section—

(1) $1,000,000 for fiscal year 2006; and

(2) such sums as are necessary for fiscal year 2007 and each subsequent fiscal year.

**SEC. 9___. REGIONAL BIOECONOMY DEVELOPMENT GRANTS.**

(a) IN GENERAL.—Using amounts made available under subsection (g), the Secretary of Agriculture (referred to in this section as the ''Secretary'') shall make available on a competitive basis grants to eligible entities described in subsection (b) for the purposes described in subsection (c).

(b) ELIGIBLE ENTITIES.—An entity eligible for a grant under this section is any regional bioeconomy development association, agricultural or energy trade association, or Land Grant institution that—

(1) proposes to use the grant for the purposes described in subsection (c); and

(2) has not previously received a grant under this section.

(c) REGIONAL BIOECONOMY DEVELOPMENT ASSOCIATION GRANT PURPOSES.—A grant made under this section shall be used to support and promote the growth and development of the bioeconomy within the region served by the eligible entity, through coordination, education, outreach, and other endeavors by the eligible entity.

(d) MATCHING FUNDS.—

(1) IN GENERAL.—Grant recipients shall provide matching non-Federal funds equal to the amount of the grant received.

(2) EXPENDITURE.—Matching funds shall be expended in advance of grant funding, so that for every dollar of grant that is advanced, an equal amount of matching funds shall have been funded prior to submitting the request for reimbursement.

(e) ADMINISTRATION.—The Secretary shall establish such administrative requirements

for grants under this section, including requirements for applications for the grants, as the Secretary considers appropriate.

(f) AMOUNT.—A grant made under this section shall not exceed $500,000.

(g) AUTHORIZATIONS OF APPROPRIATIONS.—There are authorized to be appropriated to make grants under this section—

(1) $1,000,000 for fiscal year 2006; and

(2) such sums as are necessary for fiscal year 2007 and each subsequent fiscal year.

**SEC. 9___. PREPROCESSING AND HARVESTING DEMONSTRATION GRANTS.**

(a) IN GENERAL.—The Secretary of Agriculture (referred to in this section as the ''Secretary'') shall make grants available on a competitive basis to enterprises owned by agricultural producers, for the purposes of demonstrating cost-effective, cellulosic biomass innovations in—

(1) preprocessing of feedstocks, including cleaning, separating and sorting, mixing or blending, and chemical or biochemical treatments, to add value and lower the cost of feedstock processing at a biorefinery; or

(2) 1-pass or other efficient, multiple crop harvesting techniques.

(b) LIMITATIONS ON GRANTS.—

(1) NUMBER OF GRANTS.—Not more than 5 demonstration projects per fiscal year shall be funded under this section.

(2) NON-FEDERAL COST SHARE.—The non-Federal cost share of a project under this section shall be not less than 20 percent, as determined by the Secretary.

(c) CONDITION OF GRANT.—To be eligible for a grant for a project under this section, a recipient of a grant or a participating entity shall agree to use the material harvested under the project—

(1) to produce ethanol; or

(2) for another energy purpose, such as the generation of heat or electricity.

(d) AUTHORIZATION FOR APPROPRIATIONS.—There is authorized to be appropriated to carry out this section $5,000,000 for each of fiscal years 2006 through 2010.

**SEC. 9___. SENSE OF THE SENATE.**

It is the sense of the Senate that Congress should amend the Federal tax code to encourage investment in, and production and use of, biobased fuels and biobased products through—

(1) an investment tax credit for the construction or modification of facilities for the production of fuels from cellulose biomass, to drive private capital towards new biorefinery projects in a manner that allows participation by smaller farms and cooperatives; and

(2) an investment tax credit to small manufacturers of biobased products to lower the capital costs of starting and maintaining a biobased business.

**SEC. 9___. EDUCATION AND OUTREACH.**

(a) IN GENERAL.—The Secretary of Agriculture shall establish, within the Department of Agriculture or through an independent contracting entity, a program of education and outreach on biobased fuels and biobased products consisting of—

(1) training and technical assistance programs for feedstock producers to promote producer ownership, investment, and participation in the operation of processing facilities; and

(2) public education and outreach to familiarize consumers with the biobased fuels and biobased products.

(b) AUTHORIZATION OF APPROPRIATIONS.—There is authorized to be appropriated to carry out this title $1,000,000 for each of fiscal years 2006 through 2010.

**SEC. 9___. REPORTS.**

(a) BIOBASED PRODUCT POTENTIAL.—Not later than 1 year after the date of enactment of this Act, the Secretary of Agriculture (referred to in this section as the ''Secretary'') shall submit to the Committee on Agriculture of the House of Representatives and the Committee on Agriculture, Nutrition, and Forestry of the Senate a report that—

(1) describes the economic potential for the United States of the widespread production and use of commercial and industrial biobased products through calendar year 2025; and

(2) as the maximum extent practicable, identifies the economic potential by product area.

(b) ANALYSIS OF ECONOMIC INDICATORS.—Not later than 2 years after the date of enactment of this Act, and every 2 years thereafter, the Secretary shall submit to Congress an analysis of economic indicators of the biobased economy during the 2-year period preceding the analysis.

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**SA 920.** Mr. HARKIN submitted an amendment intended to be proposed by him to the bill H.R. 6, to ensure jobs for our future with secure, affordable, and reliable energy; which was ordered to lie on the table; as follows:

On page 489, between lines 20 and 21, insert the following:

**SEC. 9___. HYDROGEN INTERMEDIATE FUELS RESEARCH PROGRAM.**

(a) IN GENERAL.—The Secretary, in coordination with the Secretary of Agriculture, shall carry out a 3-year program of research, development, and demonstration on the use of ethanol and other low-cost transportable renewable feedstocks as intermediate fuels for the safe, energy efficient, and cost-effective transportation of hydrogen.

(b) GOALS.—The goals of the program shall include—

(1) demonstrating the cost-effective conversion of ethanol or other low-cost transportable renewable feedstocks to pure hydrogen suitable for eventual use in fuel cells;

(2) using existing commercial reforming technology or modest modifications of existing technology to reform ethanol or other low-cost transportable renewable feedstocks into hydrogen;

(3) converting at least 1 commercially available internal combustion engine hybrid electric passenger vehicle to operate on hydrogen;

(4) not later than 1 year after the date on which the program begins, installing and operating an ethanol reformer, or reformer for another low-cost transportable renewable feedstock (including onsite hydrogen compression, storage, and dispensing), at the facilities of a fleet operator;

(5) operating the 1 or more vehicles described in paragraph (3) for a period of at least 2 years; and

(6) collecting emissions and fuel economy data on the 1 or more vehicles described in paragraph (3) in various operating and environmental conditions.

(c) AUTHORIZATION OF APPROPRIATIONS.—There is authorized to be appropriated to carry out this section $5,000,000.

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**SA 921.** Mr. HARKIN submitted an amendment intended to be proposed by him to the bill H.R. 6, to ensure jobs for our future with secure, affordable, and reliable energy; which was ordered to lie on the table; as follows:

At the appropriate place, insert the following:

**SEC. ___. APPLICATION OF SECTION 45 CREDIT TO AGRICULTURAL COOPERATIVES.**

(a) IN GENERAL.—Section 45(e) of the Internal Revenue Code of 1986 (relating to definitions and special rules) is amended by adding at the end the following:

''(10) ALLOCATION OF CREDIT TO PATRONS OF AGRICULTURAL COOPERATIVE.—

''(A) ELECTION TO ALLOCATE.—

''(i) IN GENERAL.—In the case of an eligible cooperative organization, any portion of the credit determined under subsection (a) for the taxable year may, at the election of the organization, be apportioned among patrons of the organization on the basis of the amount of business done by the patrons during the taxable year.

''(ii) FORM AND EFFECT OF ELECTION.—An election under clause (i) for any taxable year shall be made on a timely filed return for such year. Such election, once made, shall be irrevocable for such taxable year.

''(B) TREATMENT OF ORGANIZATIONS AND PATRONS.—The amount of the credit apportioned to any patrons under subparagraph (A)—

''(i) shall not be included in the amount determined under subsection (a) with respect to the organization for the taxable year, and

''(ii) shall be included in the amount determined under subsection (a) for the taxable year of the patrons with or within which the taxable year of the organization ends.

''(C) SPECIAL RULES FOR DECREASE IN CREDITS FOR TAXABLE YEAR.—If the amount of the credit of a cooperative organization determined under subsection (a) for a taxable year is less than the amount of such credit shown on the return of the cooperative organization for such year, an amount equal to the excess of—

''(i) such reduction, over

''(ii) the amount not apportioned to such patrons under subparagraph (A) for the taxable year, shall be treated as an increase in tax imposed by this chapter on the organization. Such increase shall not be treated as tax imposed by this chapter for purposes of determining the amount of any credit under this subpart or subpart A, B, E, or G.

''(D) ELIGIBLE COOPERATIVE DEFINED.—For purposes of this section the term 'eligible cooperative' means a cooperative organization described in section 1381(a) which is owned more than 50 percent by agricultural producers or by entities owned by agricultural producers. For this purpose an entity owned by an agricultural producer is one that is more than 50 percent owned by agricultural producers.

''(E) WRITTEN NOTICE TO PATRONS.—If any portion of the credit available under subsection (a) is allocated to patrons under subparagraph (A), the eligible cooperative shall provide any patron receiving an allocation written notice of the amount of the allocation. Such notice shall be provided before the date on which the return described in subparagraph (B)(ii) is due.''.

(b) EFFECTIVE DATE.—The amendments made by this section shall apply to taxable years ending after the date of the enactment of this Act.

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**SA 922.** Mr. HARKIN submitted an amendment intended to be proposed by him to the bill H.R. 6, to ensure jobs for our future with secure, affordable, and reliable energy; which was ordered to lie on the table; as follows:

On page 159, after line 23, add the following:

**SEC. 212. REQUIREMENT TO EQUIP AUTOMOBILES FOR FLEXIBLE FUEL OPERATION.**

(a) REQUIREMENT TO EQUIP AUTOMOBILES FOR FLEXIBLE FUEL OPERATION.—

(1) IN GENERAL.—Chapter 329 of title 49, United States Code, is amended by inserting after section 32902 the following:

**"§ 32902A. Requirement to equip automobiles for flexible fuel operation**

''(a) DEFINITION.—In this section, the term 'flexible fuel operation' means the capability to operate using gasoline and 1 or more alternative fuels, including—

''(1) ethanol and other alternative fuels in blends of at least 85 percent alternative fuel by volume; and

''(2) electricity from an external charging source sufficient to power the vehicle for at least 20 miles of driving.

''(b) REQUIREMENT.—

''(1) IN GENERAL.—An automobile that is manufactured by a manufacturer for a model year after model year 2008 and is capable of operating on gasoline shall also be capable of flexible fuel operation in accordance with the schedule in paragraph (2).

''(2) SCHEDULE.—For each manufacturer described in paragraph (1), the schedule shall be—

''(A) in the case of model year 2009, 10 percent of the automobiles manufactured by the manufacturer; and

''(B) in the case of each subsequent model year, the percent established for the preceding model year increased by 10 percent, to a maximum of 50 percent.''.

(2) TECHNICAL AMENDMENT.—The table of sections for chapter 329 of title 49, United States Code, is amended by inserting after the item relating to section 32902 the following:

''32902A. Requirement to equip automobiles for flexible fuel operation.''.

(b) ACTIVITIES TO PROMOTE THE USE OF CERTAIN ALTERNATIVE FUELS.—The Secretary of Transportation shall carry out activities to promote the use of a mixture containing at least 85 percent of ethanol by volume with gasoline to power motor vehicles in the United States.

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**SA 923.** Mr. INOUYE submitted an amendment intended to be proposed by him to the bill H.R. 6, to ensure jobs for our future with secure, affordable, and reliable energy; which was ordered to lie on the table; as follows:

Beginning on page 202, strike line 18 and all that follows through page 203, line 3, and insert the following:

(A) will be no less protective than the fishway initially prescribed by the Secretary;

(B) will protect Indian land or tribal fishery resources for which the Secretary has a legal responsibility; and

(C) will either—

(i) cost significantly less to implement; or

(ii) result in improved operation of the project works for electricity production, as compared to the fishway initially determined to be necessary by the Secretary.

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**SA 924.** Mr. INOUYE submitted an amendment intended to be proposed by him to the bill H.R. 6, to ensure jobs for our future with secure, affordable, and reliable energy; which was ordered to lie on the table; as follows:

On page 200, strike lines 8 through 21 and insert the following:

the Secretary determines, based on substantial evidence provided by the license applicant, any other party to the proceeding, or otherwise available to the Secretary—

(A) that the alternative condition—

(i) provides for the adequate protection and use of the reservation;

(ii) will protect Indian land and tribal fishery resources for which the Secretary has a legal responsibility; and

(B) that the proposed alternative condition will—

(i) cost significantly less to implement; or

(ii) result in improved operation of the project works for electricity production, as compared to the condition initially determined to be necessary by the Secretary.

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**SA 925.** Mr. BOND (for himself, Mr. LEVIN, Ms. STABENOW, and Mr. VOINOVICH) submitted an amendment intended to be proposed by him to the bill H.R. 6, to ensure jobs for our future with secure, affordable, and reliable energy; which was ordered to lie on the table; as follows:

Strike subtitle B of title VII, and insert the following:

**Subtitle B—Automobile Efficiency**

**CHAPTER 1—MAXIMUM AVERAGE FUEL ECONOMY**

**SEC. 711. REVISED CONSIDERATIONS FOR DECISIONS ON MAXIMUM FEASIBLE AVERAGE FUEL ECONOMY.**

Section 32902(f) of title 49, United States Code, is amended to read as follows:

''(f) CONSIDERATIONS FOR DECISIONS ON MAXIMUM FEASIBLE AVERAGE FUEL ECONOMY.—When deciding maximum feasible average fuel economy under this section, the Secretary of Transportation shall consider the following matters:

''(1) Technological feasibility.

''(2) Economic practicability.

''(3) The effect of other motor vehicle standards of the Government on fuel economy.

''(4) The need of the United States to conserve energy.

''(5) The desirability of reducing United States dependence on imported oil.

''(6) The effects of the average fuel economy standards on motor vehicle and passenger safety.

''(7) The effects of increased fuel economy on air quality.

''(8) The adverse effects of average fuel economy standards on the relative competitiveness of manufacturers.

''(9) The effects of compliance with average fuel economy standards on levels of employment in the United States.

''(10) The cost and lead time necessary for the introduction of the necessary new technologies.

''(11) The potential for advanced technology vehicles, such as hybrid and fuel cell vehicles, to contribute to the achievement of significant reductions in fuel consumption.

''(12) The extent to which the necessity for vehicle manufacturers to incur near-term costs to comply with the average fuel economy standards adversely affects the availability of resources for the development of advanced technology for the propulsion of motor vehicles.

''(13) The report of the National Research Council that is entitled 'Effectiveness and Impact of Corporate Average Fuel Economy Standards', issued in January 2002.''.

**SEC. 712. INCREASED FUEL ECONOMY STANDARDS.**

(a) NEW REGULATIONS REQUIRED.—

(1) NON-PASSENGER AUTOMOBILES.—

(A) REQUIREMENT FOR NEW REGULATIONS.—The Secretary of Transportation shall issue, under section 32902 of title 49, United States Code, new regulations setting forth increased average fuel economy standards for non-passenger automobiles. The regulations shall be determined on the basis of the maximum feasible average fuel economy levels for the non-passenger automobiles, taking into consideration the matters set forth in subsection (f) of such section. The new regulations under this paragraph shall apply for model years after the 2007 model year, subject to subsection (b).

(B) TIME FOR ISSUING REGULATIONS.—The Secretary of Transportation shall issue the final regulations under subparagraph (A) not later than April 1, 2006.

(2) PASSENGER AUTOMOBILES.—

(A) REQUIREMENT FOR NEW REGULATIONS.—The Secretary of Transportation shall issue, under section 32902 of title 49, United States Code, new regulations setting forth increased average fuel economy standards for passenger automobiles. The regulations shall be determined on the basis of the maximum feasible average fuel economy levels for the passenger automobiles, taking into consideration the matters set forth in subsection (f) of such section.

(B) TIME FOR ISSUING REGULATIONS.—The Secretary of Transportation shall issue the final regulations under subparagraph (A) not later than 2½ years after the date of the enactment of this Act.

(b) PHASED INCREASES.—The regulations issued pursuant to subsection (a) shall specify standards that take effect successively over several vehicle model years not exceeding 15 vehicle model years.

(c) CLARIFICATION OF AUTHORITY TO AMEND PASSENGER AUTOMOBILE STANDARD.—Section 32902(b) of title 49, United States Code, is amended by inserting before the period at the end the following: ''or such other number as the Secretary prescribes under subsection (c)''.

(d) ENVIRONMENTAL ASSESSMENT.—When issuing final regulations setting forth increased average fuel economy standards under section 32902(a) or section 32902(c) of title 49, United States Code, the Secretary of Transportation shall also issue an environmental assessment of the effects of the increased standards on the environment under the National Environmental Policy Act of 1969 (42 U.S.C. 4321 et seq.).

(e) AUTHORIZATION OF APPROPRIATIONS.—There are authorized to be appropriated to the Secretary of Transportation $5,000,000 for each of fiscal years 2006 through 2010 for carrying out this section and for administering the regulations issued pursuant to this section.

**SEC. 713. EXPEDITED PROCEDURES FOR CONGRESSIONAL INCREASE IN FUEL ECONOMY STANDARDS.**

(a) CONDITION FOR APPLICABILITY.—If the Secretary of Transportation fails to issue final regulations with respect to non-passenger automobiles under section 712, or fails to issue final regulations with respect to passenger automobiles under such section, on or before the date by which such final regulations are required by such section to be issued, respectively, then this section shall apply with respect to a bill described in subsection (b).

(b) BILL.—A bill referred to in this subsection is a bill that satisfies the following requirements:

(1) INTRODUCTION.—The bill is introduced by one or more Members of Congress not later than 60 days after the date referred to in subsection (a).

(2) TITLE.—The title of the bill is as follows: ''A bill to establish new average fuel economy standards for certain motor vehicles.''.

(3) TEXT.—The bill provides after the enacting clause only the text specified in subparagraph (A) or (B) or any provision described in subparagraph (C), as follows:

(A) NON-PASSENGER AUTOMOBILES.—In the case of a bill relating to a failure timely to issue final regulations relating to non-passenger automobiles, the following text:

''That, section 32902 of title 49, United States Code, is amended by adding at the end the following new subsection:

''(__) NON-PASSENGER AUTOMOBILES.—The average fuel economy standard for non-passenger automobiles manufactured by a manufacturer in a model year after model year ____ shall be ____ miles per gallon.'''', the first blank space being filled in with a subsection designation, the second blank space being filled in with the number of a year, and the third blank space being filled in with a number.

(B) PASSENGER AUTOMOBILES.—In the case of a bill relating to a failure timely to issue final regulations relating to passenger automobiles, the following text:

''That, section 32902(b) of title 49, United States Code, is amended to read as follows:

''(b) PASSENGER AUTOMOBILES.—Except as provided in this section, the average fuel economy standard for passenger automobiles manufactured by a manufacturer in a model year after model year ____ shall be ____ miles per gallon.'''', the first blank space being filled in with the number of a year and the second blank space being filled in with a number.

(C) SUBSTITUTE TEXT.—Any text substituted by an amendment that is in order under subsection (c)(3).

(c) EXPEDITED PROCEDURES.—A bill described in subsection (b) shall be considered in a House of Congress in accordance with the procedures provided for the consideration of joint resolutions in paragraphs (3) through (8) of section 8066(c) of the Department of Defense Appropriations Act, 1985 (as contained in section 101(h) of Public Law 98–473; 98 Stat. 1936), with the following exceptions:

(1) REFERENCES TO RESOLUTION.—The references in such paragraphs to a resolution shall be deemed to refer to the bill described in subsection (b).

(2) COMMITTEES OF JURISDICTION.—The committees to which the bill is referred under this subsection shall—

(A) in the Senate, be the Committee on Commerce, Science, and Transportation; and

(B) in the House of Representatives, be the Committee on Energy and Commerce.

(3) AMENDMENTS.—

(A) AMENDMENTS IN ORDER.—Only four amendments to the bill are in order in each House, as follows:

(i) Two amendments proposed by the majority leader of that House.

(ii) Two amendments proposed by the minority leader of that House.

(B) FORM AND CONTENT.—To be in order under subparagraph (A), an amendment shall propose to strike all after the enacting clause and substitute text that only includes the same text as is proposed to be stricken except for one or more different numbers in the text.

(C) DEBATE, ET CETERA.—Subparagraph (B) of section 8066(c)(5) of the Department of Defense Appropriations Act, 1985 (98 Stat. 1936) shall apply to the consideration of each amendment proposed under this paragraph in the same manner as such subparagraph (B) applies to debatable motions.

**SEC. 714. EXTENSION OF MAXIMUM FUEL ECONOMY INCREASE FOR ALTERNATIVE FUELED VEHICLES.**

(a) MANUFACTURING INCENTIVES.—Section 32905 of title 49, United States Code, is amended—

(1) in subsections (b) and (d), by striking ''1993–2004'' and inserting ''1993–2008'';

(2) in subsection (f), by striking ''2001'' and inserting ''2007''; and

(3) in subsection (f)(1), by striking ''2004'' and inserting ''2008''.

(b) EXTENSION OF MAXIMUM FUEL ECONOMY INCREASE.—Section 32906(a)(1) of title 49, United States Code, is amended—

(1) in subparagraph (A), by striking ''1993–2004'' and inserting ''1993 through 2008''; and

(2) in subparagraph (B), by striking ''2005–2008'' and inserting ''2009 through 2012''.

## CHAPTER 2—ADVANCED CLEAN VEHICLES

**SEC. 721. HYBRID VEHICLES RESEARCH AND DEVELOPMENT.**

(a) RECHARGEABLE ENERGY STORAGE SYSTEMS AND OTHER TECHNOLOGIES.—The Secretary of Energy shall accelerate research and development directed toward the improvement of batteries and other rechargeable energy storage systems, power electronics, hybrid systems integration, and other technologies for use in hybrid vehicles.

(b) AUTHORIZATION OF APPROPRIATIONS.—Funds are hereby authorized to be appropriated for each of fiscal years 2006, 2007, and 2008 in the amount $50,000,000 for research and development activities under this section.

**SEC. 722. DIESEL FUELED VEHICLES RESEARCH AND DEVELOPMENT.**

(a) DIESEL COMBUSTION AND AFTER TREATMENT TECHNOLOGIES.—The Secretary of Energy shall accelerate research and development directed toward the improvement of diesel combustion and after treatment technologies for use in diesel fueled motor vehicles.

(b) GOALS.—The Secretary shall carry out subsection (a) with a view to achieving the following goals:

(1) COMPLIANCE WITH CERTAIN EMISSION STANDARDS BY 2010.—Developing and demonstrating diesel technologies that, not later than 2010, meet the following standards:

(A) TIER-2 EMISSION STANDARDS.—The tier 2 emission standards.

(B) HEAVY-DUTY EMISSION STANDARDS OF 2007.—The heavy-duty emission standards of 2007.

(2) POST-2010 HIGHLY EFFICIENT TECHNOLOGIES.—Developing the next generation of low emissions, high efficiency diesel engine technologies, including homogeneous charge compression ignition technology.

(c) AUTHORIZATION OF APPROPRIATIONS.—Funds are hereby authorized to be appropriated for each of fiscal years 2006, 2007, and 2008 in the amount of $75,000,000 for research and development of advanced combustion engines and advanced fuels.

**SEC. 723. PROCUREMENT OF ALTERNATIVE FUELED PASSENGER AUTOMOBILES.**

(a) VEHICLE FLEETS NOT COVERED BY REQUIREMENT IN ENERGY POLICY ACT OF 1992.—The head of each agency of the executive branch shall coordinate with the Administrator of General Services to ensure that only alternative fueled vehicles are procured by or for each agency fleet of passenger automobiles that is not in a fleet of vehicles to which section 303 of the Energy Policy Act of 1992 (42 U.S.C. 13212) applies.

(b) WAIVER AUTHORITY.—The head of an agency, in consultation with the Administrator, may waive the applicability of the policy regarding the procurement of alternative fueled vehicles in subsection (a) to—

(1) the procurement for such agency of any vehicles described in subparagraphs (A) through (F) of section 303(b)(3) of the Energy Policy Act of 1992 (42 U.S.C. 13212(b)(3)); or

(2) a procurement of vehicles for such agency if the procurement of alternative fueled vehicles cannot meet the requirements of the agency for vehicles due to insufficient availability of the alternative fuel used to power such vehicles.

(c) APPLICABILITY TO PROCUREMENTS AFTER FISCAL YEAR 2005.—This subsection applies with respect to procurements of alternative fueled vehicles in fiscal year 2006 and subsequent fiscal years.

**SEC. 724. PROCUREMENT OF HYBRID LIGHT DUTY TRUCKS.**

(a) VEHICLE FLEETS NOT COVERED BY REQUIREMENT IN ENERGY POLICY ACT OF 1992.—

(1) HYBRID VEHICLES.—The head of each agency of the executive branch shall coordinate with the Administrator of General Services to ensure that only hybrid vehicles are procured by or for each agency fleet of light duty trucks that is not in a fleet of vehicles to which section 303 of the Energy Policy Act of 1992 (42 U.S.C. 13212) applies.

(2) WAIVER AUTHORITY.—The head of an agency, in consultation with the Administrator, may waive the applicability of the policy regarding the procurement of hybrid vehicles in paragraph (1) to that agency to the extent that the head of that agency determines necessary—

(A) to meet specific requirements of the agency for capabilities of light duty trucks;

(B) to procure vehicles consistent with the standards applicable to the procurement of fleet vehicles for the Federal Government;

(C) to adjust to limitations on the commercial availability of light duty trucks that are hybrid vehicles; or

(D) to avoid the necessity of procuring a hybrid vehicle for the agency when each of the hybrid vehicles available for meeting the requirements of the agency has a cost to the United States that exceeds the costs of comparable nonhybrid vehicles by a factor that is significantly higher than the difference between—

(i) the real cost of the hybrid vehicle to retail purchasers, taking into account the benefit of any tax incentives available to retail purchasers for the purchase of the hybrid vehicle; and

(ii) the costs of the comparable nonhybrid vehicles to retail purchasers.

(3) APPLICABILITY TO PROCUREMENTS AFTER FISCAL YEAR 2005.—This subsection applies with respect to procurements of light duty trucks in fiscal year 2006 and subsequent fiscal years.

(b) INAPPLICABILITY TO DEPARTMENT OF DEFENSE.—This section does not apply to the Department of Defense, which is subject to comparable requirements under section 318 of the National Defense Authorization Act for Fiscal Year 2002 (Public Law 107–107; 115 Stat. 1055; 10 U.S.C. 2302 note).

**SEC. 725. DEFINITIONS.**

In this chapter:

(1) ALTERNATIVE FUELED VEHICLE.—The term ''alternative fueled vehicle'' means—

(A) an alternative fueled vehicle, as defined in section 301(3) of the Energy Policy Act of 1992 (42 U.S.C. 13211(3));

(B) a motor vehicle that operates on a blend of fuel that is at least 20 percent (by volume) biodiesel, as defined in section 312(f) of the Energy Policy Act of 1992 (42 U.S.C. 13220(f)); and

(C) a motor vehicle that operates on a blend of fuel that is at least 20 percent (by volume) bioderived hydrocarbons (including aliphatic compounds) produced from agricultural and animal waste.

(2) HEAVY-DUTY EMISSION STANDARDS OF 2007.—The term ''heavy-duty emission standards of 2007'' means the motor vehicle emission standards promulgated by the Administrator of the Environmental Protection Agency on January 18, 2001, under section 202 of the Clean Air Act to apply to heavy-duty vehicles of model years beginning with the 2007 vehicle model year.

(3) HYBRID VEHICLE.—The term ''hybrid vehicle'' means—

(A) a motor vehicle that draws propulsion energy from on board sources of stored energy that are both—

(i) an internal combustion or heat engine using combustible fuel; and

(ii) a rechargeable energy storage system; and

(B) any other vehicle that is defined as a hybrid vehicle in regulations prescribed by

the Secretary of Energy for the administration of title III of the Energy Policy Act of 1992.

(4) MOTOR VEHICLE.—The term ''motor vehicle'' means any vehicle that is manufactured primarily for use on public streets, roads, and highways (not including a vehicle operated exclusively on a rail or rails) and that has at least four wheels.

(5) TIER 2 EMISSION STANDARDS DEFINED.—The term ''tier 2 emission standards'' means the motor vehicle emission standards promulgated by the Administrator of the Environmental Protection Agency on February 10, 2000, under section 202 of the Clean Air Act (42 U.S.C. 7521) to apply to passenger automobiles, light trucks, and larger passenger vehicles of model years after the 2003 vehicle model year.

(6) TERMS DEFINED IN EPA REGULATIONS.—The terms ''passenger automobile'' and ''light truck'' have the meanings given such terms in regulations prescribed by the Administrator of the Environmental Protection Agency for purposes of the administration of title II of the Clean Air Act (42 U.S.C. 7521 et seq.).

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**SA 926.** Mr. OBAMA submitted an amendment intended to be proposed by him to the bill H.R. 6, to ensure jobs for our future with secure, affordable, and reliable energy; which was ordered to lie on the table; as follows:

At the appropriate place insert the following:

Of the amounts authorized within this section, no less than $10 million shall be for a project, administered through the Chicago Operations Office, to demonstrate the viability of new mercury removal technology on commercial scale coal-fired electrical generation, where such generation is located in a highly populated urban area, and where the technology has undergone a successful field test sanctioned by the Department, and has been demonstrated to have no adverse effect on the performance or efficiency of existing emissions control equipment or other plant commercial operations. The expenditures under this section shall be shared in accordance with section 1002.

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**SA 927.** Mr. LEVIN submitted an amendment intended to be proposed by him to the bill H.R. 6, to ensure jobs for our future with secure, affordable, and reliable energy; as follows:

On page 755, after line 25, add the following:

**SEC. 13___. FUEL CELL AND HYDROGEN TECHNOLOGY STUDY.**

(a) FINDINGS.—Congress finds that—

(1) according to the National Academy of Sciences, ''Greenhouse gases are accumulating in Earth's atmosphere as a result of human activities, causing surface air temperatures and subsurface ocean temperatures to rise . . . Human-induced warming and associated sea level rises are expected to continue through the 21st century.'';

(2) in 2001, the Intergovernmental Panel on Climate Change (IPCC) concluded that the average temperature of the Earth can be expected to rise between 2.5 and 10.4 degrees Fahrenheit in this century and ''there is new and stronger evidence that most of the warming observed over the last 50 years is attributable to human activities'';

(3) the National Academy of Sciences has stated that ''the IPCC's conclusion that most of the observed warming of the last 50 years is likely to have been due to the increase of greenhouse gas concentrations accurately reflects the current thinking of the scientific community on this issue'' and that ''there is general agreement that the observed warming is real and particularly strong within the past twenty years'';

(4) a significant Federal investment toward the development of fuel cell technologies and the transition from petroleum to hydrogen in vehicles could significantly contribute to the reduction of carbon dioxide emissions by reducing fuel consumption;

(5) a massive infusion of resources and leadership from the Federal Government would be needed to create the necessary fuel cell technologies that provide alternatives to petroleum and the more efficient use of energy; and

(6) the Federal Government would need to commit to developing, in conjunction with private industry and academia, advanced vehicle technologies and the necessary hydrogen infrastructure to provide alternatives to petroleum.

(b) STUDY.—

(1) IN GENERAL.—As soon as practicable after the date of enactment of this Act, the Secretary shall enter into a contract with the National Academy of Sciences and the National Research Council to carry out a study of fuel cell technologies that provides a budget roadmap for the development of fuel cell technologies and the transition from petroleum to hydrogen in a significant percentage of the vehicles sold by 2020.

(2) REQUIREMENTS.—In carrying out the study, the National Academy of Sciences and the National Research Council shall—

(A) establish as a goal the maximum percentage practicable of vehicles that the National Academy of Sciences and the National Research Council determines can be fueled by hydrogen by 2020;

(B) determine the amount of Federal and private funding required to meet the goal established under subparagraph (A);

(C) determine what actions are required to meet the goal established under subparagraph (A);

(D) examine the need for expanded and enhanced Federal research and development programs, changes in regulations, grant programs, partnerships between the Federal Government and industry, private sector investments, infrastructure investments by the Federal Government and industry, educational and public information initiatives, and Federal and State tax incentives to meet the goal established under subparagraph (A);

(E) consider whether other technologies would be less expensive or could be more quickly implemented than fuel cell technologies to achieve significant reductions in carbon dioxide emissions;

(F) take into account any reports relating to fuel cell technologies and hydrogen-fueled vehicles, including—

(i) the report prepared by the National Academy of Engineering and the National Research Council in 2004 entitled ''Hydrogen Economy: Opportunities, Costs, Barriers, and R&D Needs''; and

(ii) the report prepared by the U.S. Fuel Cell Council in 2003 entitled ''Fuel Cells and Hydrogen: The Path Forward'';

(G) consider the challenges, difficulties, and potential barriers to meeting the goal established under subparagraph (A); and

(H) with respect to the budget roadmap—

(i) specify the amount of funding required on an annual basis from the Federal Government and industry to carry out the budget roadmap; and

(ii) specify the advantages and disadvantages to moving toward the transition to hydrogen in vehicles in accordance with the timeline established by the budget roadmap.

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**SA 928.** Mr. LEVIN (for himself and Mr. ALEXANDER) submitted an amendment intended to be proposed by him to the bill H.R. 6, to ensure jobs for our future with secure, affordable, and reliable energy; which was ordered to lie on the table; as follows:

At the end add the following:

**TITLE XVII—TAX INCENTIVES FOR ALTERNATIVE MOTOR VEHICLES AND FUELS**

**SEC. 1700. AMENDMENT OF 1986 CODE.**

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 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.

**Subtitle A—Tax Incentives**

**SEC. 1701. ALTERNATIVE MOTOR VEHICLE CREDIT.**

(a) IN GENERAL.—Subpart B of part IV of subchapter A of chapter 1 (relating to foreign tax credit, etc.) is amended by adding at the end the following:

**''SEC. 30B. ALTERNATIVE MOTOR VEHICLE CREDIT.**

''(a) ALLOWANCE OF CREDIT.—There shall be allowed as a credit against the tax imposed by this chapter for the taxable year an amount equal to the sum of—

''(1) the new qualified fuel cell motor vehicle credit determined under subsection (b),

''(2) the new advanced lean burn technology motor vehicle credit determined under subsection (c),

''(3) the new qualified hybrid motor vehicle credit determined under subsection (d), and

''(4) the new qualified alternative fuel motor vehicle credit determined under subsection (e).

''(b) NEW QUALIFIED FUEL CELL MOTOR VEHICLE CREDIT.—

''(1) IN GENERAL.—For purposes of subsection (a), the new qualified fuel cell motor vehicle credit determined under this subsection with respect to a new qualified fuel cell motor vehicle placed in service by the taxpayer during the taxable year is—

''(A) $8,000 if such vehicle has a gross vehicle weight rating of not more than 8,500 pounds,

''(B) $10,000, if such vehicle has a gross vehicle weight rating of more than 8,500 pounds but not more than 14,000 pounds,

''(C) $20,000, if such vehicle has a gross vehicle weight rating of more than 14,000 pounds but not more than 26,000 pounds, and

''(D) $40,000, if such vehicle has a gross vehicle weight rating of more than 26,000 pounds.

''(2) INCREASE FOR FUEL EFFICIENCY.—

''(A) IN GENERAL.—The amount determined under paragraph (1)(A) with respect to a new qualified fuel cell motor vehicle which is a passenger automobile or light truck shall be increased by—

''(i) $1,000, if such vehicle achieves at least 150 percent but less than 175 percent of the 2002 model year city fuel economy,

''(ii) $1,500, if such vehicle achieves at least 175 percent but less than 200 percent of the 2002 model year city fuel economy,

''(iii) $2,000, if such vehicle achieves at least 200 percent but less than 225 percent of the 2002 model year city fuel economy,

''(iv) $2,500, if such vehicle achieves at least 225 percent but less than 250 percent of the 2002 model year city fuel economy,

''(v) $3,000, if such vehicle achieves at least 250 percent but less than 275 percent of the 2002 model year city fuel economy,

''(vi) $3,500, if such vehicle achieves at least 275 percent but less than 300 percent of the 2002 model year city fuel economy, and

''(vii) $4,000, if such vehicle achieves at least 300 percent of the 2002 model year city fuel economy.

''(B) 2002 MODEL YEAR CITY FUEL ECONOMY.—For purposes of subparagraph (A), the 2002

model year city fuel economy with respect to a vehicle shall be determined in accordance with the following tables:

''(i) In the case of a passenger automobile:

| "If vehicle inertia weight class is: | The 2002 model year city fuel economy is: |
|---|---|
| 1,500 or 1,750 lbs | 45.2 mpg |
| 2,000 lbs | 39.6 mpg |
| 2,250 lbs | 35.2 mpg |
| 2,500 lbs | 31.7 mpg |
| 2,750 lbs | 28.8 mpg |
| 3,000 lbs | 26.4 mpg |
| 3,500 lbs | 22.6 mpg |
| 4,000 lbs | 19.8 mpg |
| 4,500 lbs | 17.6 mpg |
| 5,000 lbs | 15.9 mpg |
| 5,500 lbs | 14.4 mpg |
| 6,000 lbs | 13.2 mpg |
| 6,500 lbs | 12.2 mpg |
| 7,000 to 8,500 lbs | 11.3 mpg. |

''(ii) In the case of a light truck:

| "If vehicle inertia weight class is: | The 2002 model year city fuel economy is: |
|---|---|
| 1,500 or 1,750 lbs | 39.4 mpg |
| 2,000 lbs | 35.2 mpg |
| 2,250 lbs | 31.8 mpg |
| 2,500 lbs | 29.0 mpg |
| 2,750 lbs | 26.8 mpg |
| 3,000 lbs | 24.9 mpg |
| 3,500 lbs | 21.8 mpg |
| 4,000 lbs | 19.4 mpg |
| 4,500 lbs | 17.6 mpg |
| 5,000 lbs | 16.1 mpg |
| 5,500 lbs | 14.8 mpg |
| 6,000 lbs | 13.7 mpg |
| 6,500 lbs | 12.8 mpg |
| 7,000 to 8,500 lbs | 12.1 mpg. |

''(C) VEHICLE INERTIA WEIGHT CLASS.—For purposes of subparagraph (B), the term 'vehicle inertia weight class' has the same meaning as when defined in regulations prescribed by the Administrator of the Environmental Protection Agency for purposes of the administration of title II of the Clean Air Act (42 U.S.C. 7521 et seq.).

''(3) NEW QUALIFIED FUEL CELL MOTOR VEHICLE.—For purposes of this subsection, the term 'new qualified fuel cell motor vehicle' means a motor vehicle—

''(A) which is propelled by power derived from 1 or more cells which convert chemical energy directly into electricity by combining oxygen with hydrogen fuel which is stored on board the vehicle in any form and may or may not require reformation prior to use,

''(B) which, in the case of a passenger automobile or light truck, has received on or after the date of the enactment of this section a certificate that such vehicle meets or exceeds the Bin 5 Tier II emission level established in regulations prescribed by the Administrator of the Environmental Protection Agency under section 202(i) of the Clean Air Act for that make and model year vehicle,

''(C) the original use of which commences with the taxpayer,

''(D) which is acquired for use or lease by the taxpayer and not for resale, and

''(E) which is made by a manufacturer.

''(c) NEW ADVANCED LEAN BURN TECHNOLOGY MOTOR VEHICLE CREDIT.—

''(1) IN GENERAL.—For purposes of subsection (a), the new advanced lean burn technology motor vehicle credit determined under this subsection with respect to a new advanced lean burn technology motor vehicle placed in service by the taxpayer during the taxable year is the credit amount determined under paragraph (2).

''(2) CREDIT AMOUNT.—

''(A) FUEL ECONOMY.—

''(i) IN GENERAL.—The credit amount determined under this paragraph shall be determined in accordance with the following table:

| "In the case of a vehicle which achieves a fuel economy (expressed as a percentage of the 2002 model year city fuel economy) of— | The credit amount is— |
|---|---|
| At least 125 percent but less than 150 percent | $600 |
| At least 150 percent but less than 175 percent | $1,100 |
| At least 175 percent but less than 200 percent | $1,600 |
| At least 200 percent but less than 225 percent | $2,100 |
| At least 225 percent but less than 250 percent | $2,600 |
| At least 250 percent | $3,100. |

''(ii) 2002 MODEL YEAR CITY FUEL ECONOMY.—For purposes of clause (i), the 2002 model year city fuel economy with respect to a vehicle shall be determined on a gasoline gallon equivalent basis as determined by the Administrator of the Environmental Protection Agency using the tables provided in subsection (b)(2)(B) with respect to such vehicle.

''(B) CONSERVATION CREDIT.—The amount determined under subparagraph (A) with respect to a new advanced lean burn technology motor vehicle shall be increased by the conservation credit amount determined in accordance with the following table:

| "In the case of a vehicle which achieves a lifetime fuel savings (expressed in gallons of gasoline) of— | The conservation credit amount is— |
|---|---|
| At least 1,200 but less than 1,800 | $700 |
| At least 1,800 but less than 2,400 | $1,200 |
| At least 2,400 but less than 3,000 | $1,700 |
| At least 3,000 | $2,200. |

''(C) OPTION TO USE LIKE VEHICLE.—At the option of the vehicle manufacturer, the increase for fuel efficiency and conservation credit may be calculated by comparing the new qualified advanced lean burn technology motor vehicle to a like vehicle.

''(3) NEW ADVANCED LEAN BURN TECHNOLOGY MOTOR VEHICLE.—For purposes of this subsection, the term 'new advanced lean burn technology motor vehicle' means a passenger automobile or a light truck—

''(A) with an internal combustion engine which—

''(i) is designed to operate primarily using more air than is necessary for complete combustion of the fuel,

''(ii) incorporates direct injection,

''(iii) achieves at least 125 percent of the 2002 model year city fuel economy,

''(iv) for 2004 and later model vehicles, has received a certificate that such vehicle meets or exceeds—

''(I) in the case of a vehicle having a gross vehicle weight rating of 6,000 pounds or less, the Bin 5 Tier II emission standard established in regulations prescribed by the Administrator of the Environmental Protection Agency under section 202(i) of the Clean Air Act for that make and model year vehicle, and

''(II) in the case of a vehicle having a gross vehicle weight rating of more than 6,000 pounds but not more than 8,500 pounds, the Bin 8 Tier II emission standard which is so established.

''(B) the original use of which commences with the taxpayer,

''(C) which is acquired for use or lease by the taxpayer and not for resale, and

''(D) which is made by a manufacturer.

''(4) LIKE VEHICLE.—The term 'like vehicle' for a new qualified advanced lean burn technology motor vehicle derived from a conventional production vehicle produced in the same model year means a model that is equivalent in the following areas:

''(A) Body style (2-door or 4-door),

''(B) Transmission (automatic or manual),

''(C) Acceleration performance (± 0.05 seconds).

''(D) Drivetrain (2-wheel drive or 4-wheel drive).

''(E) Certification by the Administrator of the Environmental Protection Agency.

''(5) LIFETIME FUEL SAVINGS.—For purposes of this subsection, the term 'lifetime fuel savings' means, in the case of any new advanced lean burn technology motor vehicle, an amount equal to the excess (if any) of—

''(A) 120,000 divided by the 2002 model year city fuel economy for the vehicle inertia weight class, over

''(B) 120,000 divided by the city fuel economy for such vehicle.

''(d) NEW QUALIFIED HYBRID MOTOR VEHICLE CREDIT.—

''(1) IN GENERAL.—For purposes of subsection (a), the new qualified hybrid motor vehicle credit determined under this subsection with respect to a new qualified hybrid motor vehicle placed in service by the taxpayer during the taxable year is the credit amount determined under paragraph (2) or (3).

''(2) CREDIT AMOUNT FOR LIGHTER VEHICLES.—In the case of a new qualified hybrid motor vehicle which is a passenger automobile, medium duty passenger vehicle, or light truck, the credit amount determined under this paragraph is equal to the sum of following amounts:

''(A) FUEL ECONOMY.—The amount which would be determined under subsection (c)(2)(A) if such vehicle were a vehicle referred to in such subsection.

''(B) CONSERVATION CREDIT.—The amount which would be determined under subsection (c)(2)(B) if such vehicle were a vehicle referred to in such subsection.

''(iii) OPTION TO USE LIKE VEHICLE.—For purposes of clause (i), at the option of the vehicle manufacturer, the increase for fuel efficiency and conservation credit may be calculated by comparing the new qualified hybrid motor vehicle to a like vehicle (as defined in subsection (c)(4)).

''(3) CREDIT AMOUNT FOR HEAVIER VEHICLES.—

''(A) IN GENERAL.—In the case of a new qualified hybrid motor vehicle which is a heavy duty hybrid motor vehicle, the credit amount determined under this paragraph is an amount equal to the applicable percentage of the incremental cost of such vehicle

placed in service by the taxpayer during the taxable year.

''(B) INCREMENTAL COST.—For purposes of this paragraph, the incremental cost of any heavy duty hybrid motor vehicle is equal to the amount of the excess of the manufacturer's suggested retail price for such vehicle over such price for a comparable gasoline or diesel fuel motor vehicle of the same model, to the extent such amount does not exceed—

''(i) $7,500, if such vehicle has a gross vehicle weight rating of more than 8,500 pounds but not more than 14,000 pounds,

''(ii) $15,000, if such vehicle has a gross vehicle weight rating of more than 14,000 pounds but not more than 26,000 pounds, and

''(iii) $30,000, if such vehicle has a gross vehicle weight rating of more than 26,000 pounds.

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

| **''If percent increase in fuel economy of hybrid over comparable vehicle is:** | **The applicable percentage is:** |
|---|---|
| At least 30 but less than 40 percent | 20 percent. |
| At least 40 but less than 50 percent | 30 percent. |
| At least 50 percent | 40 percent. |

''(4) NEW QUALIFIED HYBRID MOTOR VEHICLE.—For purposes of this subsection—

''(A) IN GENERAL.—The term 'new qualified hybrid motor vehicle' means a motor vehicle—

''(i) which draws propulsion energy from onboard sources of stored energy which are both—

''(I) an internal combustion or heat engine using consumable fuel, and

''(II) a rechargeable energy storage system,

''(ii) which, in the case of a passenger automobile, medium duty passenger vehicle, or light truck—

''(I) having a gross vehicle weight rating of 6,000 pounds or less, has received a certificate that such vehicle meets or exceeds the Bin 5 Tier II emission level established in regulations prescribed by the Administrator of the Environmental Protection Agency under section 202(i) of the Clean Air Act for that make and model year vehicle,

''(II) having a gross vehicle weight rating of more than 6,000 pounds but not more than 8,500 pounds, has received a certificate that such vehicle meets or exceeds the Bin 8 Tier II emission standard which is so established,

''(III) has received a certificate of conformity under the Clean Air Act and meets or exceeds the equivalent qualifying California low emission vehicle standard under section 243(e)(2) of the Clean Air Act for that make and model year, and

''(IV) has a maximum available power of at least 5 percent,

''(iii) which, in the case of a heavy duty hybrid motor vehicle—

''(I) having a gross vehicle weight rating of more than 8,500 but not more than 14,000 pounds, has a maximum available power of at least 10 percent, and

''(II) having a gross vehicle weight rating of more than 14,000 pounds, has a maximum available power of at least 15 percent,

''(iv) the original use of which commences with the taxpayer,

''(v) which is acquired for use or lease by the taxpayer and not for resale, and

''(vi) which is made by a manufacturer.

''(B) CONSUMABLE FUEL.—For purposes of subparagraph (A)(i)(I), the term 'consumable fuel' means any solid, liquid, or gaseous matter which releases energy when consumed by an auxiliary power unit.

''(C) MAXIMUM AVAILABLE POWER.—

''(i) PASSENGER AUTOMOBILE, MEDIUM DUTY PASSENGER VEHICLE, OR LIGHT TRUCK.—For purposes of subparagraph (A)(ii)(II), the term 'maximum available power' means the maximum power available from the rechargeable energy storage system, during a standard 10 second pulse power or equivalent test, divided by such maximum power and the SAE net power of the heat engine.

''(ii) HEAVY DUTY HYBRID MOTOR VEHICLE.—For purposes of subparagraph (A)(iii), the term 'maximum available power' means the maximum power available from the rechargeable energy storage system, during a standard 10 second pulse power or equivalent test, divided by the vehicle's total traction power. The term 'total traction power' means the sum of the peak power from the rechargeable energy storage system and the heat engine peak power of the vehicle, except that if such storage system is the sole means by which the vehicle can be driven, the total traction power is the peak power of such storage system.

''(4) HEAVY DUTY HYBRID MOTOR VEHICLE.—For purposes of this subsection, the term 'heavy duty hybrid motor vehicle' means a new qualified hybrid motor vehicle which has a gross vehicle weight rating of more than 8,500 pounds. Such term does not include a medium duty passenger vehicle.

''(e) NEW QUALIFIED ALTERNATIVE FUEL MOTOR VEHICLE CREDIT.—

''(1) ALLOWANCE OF CREDIT.—Except as provided in paragraph (5), the new qualified alternative fuel motor vehicle credit determined under this subsection is an amount equal to the applicable percentage of the incremental cost of any new qualified alternative fuel motor vehicle placed in service by the taxpayer during the taxable year.

''(2) APPLICABLE PERCENTAGE.—For purposes of paragraph (1), the applicable percentage with respect to any new qualified alternative fuel motor vehicle is—

''(A) 50 percent, plus

''(B) 30 percent, if such vehicle—

''(i) has received a certificate of conformity under the Clean Air Act and meets or exceeds the most stringent standard available for certification under the Clean Air Act for that make and model year vehicle (other than a zero emission standard), or

''(ii) has received an order certifying the vehicle as meeting the same requirements as vehicles which may be sold or leased in California and meets or exceeds the most stringent standard available for certification under the State laws of California (enacted in accordance with a waiver granted under section 209(b) of the Clean Air Act) for that make and model year vehicle (other than a zero emission standard).

For purposes of the preceding sentence, in the case of any new qualified alternative fuel motor vehicle which weighs more than 14,000 pounds gross vehicle weight rating, the most stringent standard available shall be such standard available for certification on the date of the enactment of the Energy Tax Incentives Act.

''(3) INCREMENTAL COST.—For purposes of this subsection, the incremental cost of any new qualified alternative fuel motor vehicle is equal to the amount of the excess of the manufacturer's suggested retail price for such vehicle over such price for a gasoline or diesel fuel motor vehicle of the same model, to the extent such amount does not exceed—

''(A) $5,000, if such vehicle has a gross vehicle weight rating of not more than 8,500 pounds,

''(B) $10,000, if such vehicle has a gross vehicle weight rating of more than 8,500 pounds but not more than 14,000 pounds,

''(C) $25,000, if such vehicle has a gross vehicle weight rating of more than 14,000 pounds but not more than 26,000 pounds, and

''(D) $40,000, if such vehicle has a gross vehicle weight rating of more than 26,000 pounds.

''(4) NEW QUALIFIED ALTERNATIVE FUEL MOTOR VEHICLE.—For purposes of this subsection—

''(A) IN GENERAL.—The term 'new qualified alternative fuel motor vehicle' means any motor vehicle—

''(i) which is only capable of operating on an alternative fuel,

''(ii) the original use of which commences with the taxpayer,

''(iii) which is acquired by the taxpayer for use or lease, but not for resale, and

''(iv) which is made by a manufacturer.

''(B) ALTERNATIVE FUEL.—The term 'alternative fuel' means compressed natural gas, liquefied natural gas, liquefied petroleum gas, hydrogen, and any liquid at least 85 percent of the volume of which consists of methanol.

''(5) CREDIT FOR MIXED-FUEL VEHICLES.—

''(A) IN GENERAL.—In the case of a mixed-fuel vehicle placed in service by the taxpayer during the taxable year, the credit determined under this subsection is an amount equal to—

''(i) in the case of a 75/25 mixed-fuel vehicle, 70 percent of the credit which would have been allowed under this subsection if such vehicle was a qualified alternative fuel motor vehicle, and

''(ii) in the case of a 90/10 mixed-fuel vehicle, 90 percent of the credit which would have been allowed under this subsection if such vehicle was a qualified alternative fuel motor vehicle.

''(B) MIXED-FUEL VEHICLE.—For purposes of this subsection, the term 'mixed-fuel vehicle' means any motor vehicle described in subparagraph (C) or (D) of paragraph (3), which—

''(i) is certified by the manufacturer as being able to perform efficiently in normal operation on a combination of an alternative fuel and a petroleum-based fuel,

''(ii) either—

''(I) has received a certificate of conformity under the Clean Air Act, or

''(II) has received an order certifying the vehicle as meeting the same requirements as vehicles which may be sold or leased in California and meets or exceeds the low emission vehicle standard under section 88.105–94 of title 40, Code of Federal Regulations, for that make and model year vehicle,

''(iii) the original use of which commences with the taxpayer,

''(iv) which is acquired by the taxpayer for use or lease, but not for resale, and

''(v) which is made by a manufacturer.

''(C) 75/25 MIXED-FUEL VEHICLE.—For purposes of this subsection, the term '75/25 mixed-fuel vehicle' means a mixed-fuel vehicle which operates using at least 75 percent alternative fuel and not more than 25 percent petroleum-based fuel.

''(D) 90/10 MIXED-FUEL VEHICLE.—For purposes of this subsection, the term '90/10 mixed-fuel vehicle' means a mixed-fuel vehicle which operates using at least 90 percent alternative fuel and not more than 10 percent petroleum-based fuel.

''(f) LIMITATION ON NUMBER OF NEW QUALIFIED HYBRID AND ADVANCED LEAN-BURN TECHNOLOGY VEHICLES ELIGIBLE FOR CREDIT.—

''(1) IN GENERAL.—In the case of a qualified vehicle sold during the phaseout period, only the applicable percentage of the credit otherwise allowable under subsection (c) or (d) shall be allowed.

''(2) PHASEOUT PERIOD.—For purposes of this subsection, the phaseout period is the period beginning with the second calendar quarter following the calendar quarter which includes the first date on which the number of qualified vehicles manufactured by the

manufacturer of the vehicle referred to in paragraph (1) sold for use in the United States after the date of the enactment of this section is at least 80,000.

''(3) APPLICABLE PERCENTAGE.—For purposes of paragraph (1), the applicable percentage is—

''(A) 50 percent for the first 2 calendar quarters of the phaseout period,

''(B) 25 percent for the 3d and 4th calendar quarters of the phaseout period, and

''(C) 0 percent for each calendar quarter thereafter.

''(4) CONTROLLED GROUPS.—

''(A) IN GENERAL.—For purposes of this subsection, all persons treated as a single employer under subsection (a) or (b) of section 52 or subsection (m) or (o) of section 414 shall be treated as a single manufacturer.

''(B) INCLUSION OF FOREIGN CORPORATIONS.—For purposes of subparagraph (A), in applying subsections (a) and (b) of section 52 to this section, section 1563 shall be applied without regard to subsection (b)(2)(C) thereof.

''(5) QUALIFIED VEHICLE.—For purposes of this subsection, the term 'qualified vehicle' means any new qualified hybrid motor vehicle and any new advanced lean burn technology motor vehicle.

''(g) APPLICATION WITH OTHER CREDITS.—The credit allowed under subsection (a) for any taxable year shall not exceed the excess (if any) of—

''(1) the regular tax for the taxable year reduced by the sum of the credits allowable under subpart A and sections 27, 29, and 30, over

''(2) the tentative minimum tax for the taxable year.

''(h) OTHER DEFINITIONS AND SPECIAL RULES.—For purposes of this section—

''(1) MOTOR VEHICLE.—The term 'motor vehicle' has the meaning given such term by section 30(c)(2).

''(2) CITY FUEL ECONOMY.—The city fuel economy with respect to any vehicle shall be measured in a manner which is substantially similar to the manner city fuel economy is measured in accordance with procedures under part 600 of subchapter Q of chapter I of title 40, Code of Federal Regulations, as in effect on the date of the enactment of this section.

''(3) OTHER TERMS.—The terms 'automobile', 'passenger automobile', 'medium duty passenger vehicle', 'light truck', and 'manufacturer' have the meanings given such terms in regulations prescribed by the Administrator of the Environmental Protection Agency for purposes of the administration of title II of the Clean Air Act (42 U.S.C. 7521 et seq.).

''(4) REDUCTION IN BASIS.—For purposes of this subtitle, the basis of any property for which a credit is allowable under subsection (a) shall be reduced by the amount of such credit so allowed (determined without regard to subsection (e)).

''(5) NO DOUBLE BENEFIT.—The amount of any deduction or other credit allowable under this chapter—

''(A) for any incremental cost taken into account in computing the amount of the credit determined under subsection (e) shall be reduced by the amount of such credit attributable to such cost, and

''(B) with respect to a vehicle described under subsection (b), (c), or (d) shall be reduced by the amount of credit allowed under subsection (a) for such vehicle for the taxable year.

''(6) PROPERTY USED BY TAX-EXEMPT ENTITY.—In the case of a vehicle whose use is described in paragraph (3) or (4) of section 50(b) and which is not subject to a lease, the person who sold such vehicle to the person or entity using such vehicle shall be treated as the taxpayer that placed such vehicle in service, but only if such person clearly discloses to such person or entity in a document the amount of any credit allowable under subsection (a) with respect to such vehicle (determined without regard to subsection (g)).

''(7) PROPERTY USED OUTSIDE UNITED STATES, ETC., NOT QUALIFIED.—No credit shall be allowable under subsection (a) with respect to any property referred to in section 50(b)(1) or with respect to the portion of the cost of any property taken into account under section 179.

''(8) RECAPTURE.—The Secretary shall, by regulations, provide for recapturing the benefit of any credit allowable under subsection (a) with respect to any property which ceases to be property eligible for such credit (including recapture in the case of a lease period of less than the economic life of a vehicle).

''(9) ELECTION TO NOT TAKE CREDIT.—No credit shall be allowed under subsection (a) for any vehicle if the taxpayer elects to not have this section apply to such vehicle.

''(10) CARRYBACK AND CARRYFORWARD ALLOWED.—

''(A) IN GENERAL.—If the credit allowable under subsection (a) for a taxable year exceeds the amount of the limitation under subsection (g) for such taxable year (in this paragraph referred to as the 'unused credit year'), such excess shall be a credit carryback to each of the 3 taxable years preceding the unused credit year and a credit carryforward to each of the 20 taxable years following the unused credit year, except that no excess may be carried to a taxable year beginning before the date of the enactment of this section. The preceding sentence shall not apply to any credit carryback if such credit carryback is attributable to property for which a deduction for depreciation is not allowable.

''(B) RULES.—Rules similar to the rules of section 39 shall apply with respect to the credit carryback and credit carryforward under subparagraph (A).

''(11) INTERACTION WITH AIR QUALITY AND MOTOR VEHICLE SAFETY STANDARDS.—Unless otherwise provided in this section, a motor vehicle shall not be considered eligible for a credit under this section unless such vehicle is in compliance with—

''(A) the applicable provisions of the Clean Air Act for the applicable make and model year of the vehicle (or applicable air quality provisions of State law in the case of a State which has adopted such provision under a waiver under section 209(b) of the Clean Air Act), and

''(B) the motor vehicle safety provisions of sections 30101 through 30169 of title 49, United States Code.

''(g) REGULATIONS.—

''(1) IN GENERAL.—Except as provided in paragraph (2), the Secretary shall promulgate such regulations as necessary to carry out the provisions of this section.

''(2) COORDINATION IN PRESCRIPTION OF CERTAIN REGULATIONS.—The Secretary of the Treasury, in coordination with the Secretary of Transportation and the Administrator of the Environmental Protection Agency, shall prescribe such regulations as necessary to determine whether a motor vehicle meets the requirements to be eligible for a credit under this section.

''(h) TERMINATION.—This section shall not apply to any property purchased after—

''(1) in the case of a new qualified fuel cell motor vehicle (as described in subsection (b)), December 31, 2015,

''(2) in the case of a new advanced lean burn technology motor vehicle (as described in subsection (c)) or a new qualified hybrid motor vehicle (as described in subsection (d)), December 31, 2009, and

''(3) in the case of a new qualified alternative fuel vehicle (as described in subsection (e)), December 31, 2010.''.

(b) CONFORMING AMENDMENTS.—

(1) Section 1016(a), as amended by this Act, is amended by striking ''and'' at the end of paragraph (35), by striking the period at the end of paragraph (36) and inserting '', and'', and by adding at the end the following new paragraph:

''(37) to the extent provided in section 30B(h)(4).''.

(2) Section 55(c)(2), as amended by this Act, is amended by inserting ''30B(g),'' after ''30(b)(2),''.

(3) Section 6501(m) is amended by inserting ''30B(h)(9),'' after ''30(d)(4),''.

(4) The table of sections for subpart B of part IV of subchapter A of chapter 1 is amended by inserting after the item relating to section 30A the following new item:

''Sec. 30B. Alternative motor vehicle credit.''.

(c) EFFECTIVE DATE.—The amendments made by this section shall apply to property placed in service after the date of the enactment of this Act, in taxable years ending after such date.

(d) STICKER INFORMATION REQUIRED AT RETAIL SALE.—

(1) IN GENERAL.—The Secretary of the Treasury shall issue regulations under which each qualified vehicle sold at retail shall display a notice—

(A) that such vehicle is a qualified vehicle, and

(B) that the buyer may not benefit from the credit allowed under section 30B of the Internal Revenue Code of 1986 if such buyer has insufficient tax liability.

(2) QUALIFIED VEHICLE.—For purposes of paragraph (1), the term ''qualified vehicle'' means a vehicle with respect to which a credit is allowed under section 30B of the Internal Revenue Code of 1986.

(e) NONAPPLICATION OF SECTION.—Notwithstanding any other provision of this Act, the provisions of, and amendments made by, section 1531 of this Act shall be null and void.

**SEC. 1702. CREDIT FOR INSTALLATION OF ALTERNATIVE FUEL REFUELING STATIONS.**

(a) IN GENERAL.—Subpart B of part IV of subchapter A of chapter 1 (relating to foreign tax credit, etc.), as amended by this Act, is amended by adding at the end the following new section:

**''SEC. 30C. ALTERNATIVE FUEL VEHICLE REFUELING PROPERTY CREDIT.**

''(a) CREDIT ALLOWED.—There shall be allowed as a credit against the tax imposed by this chapter for the taxable year an amount equal to 50 percent of the cost of any qualified alternative fuel vehicle refueling property placed in service by the taxpayer during the taxable year.

''(b) LIMITATION.—The credit allowed under subsection (a) with respect to any alternative fuel vehicle refueling property shall not exceed—

''(1) $50,000 in the case of a property of a character subject to an allowance for depreciation, and

''(2) $1,000 in any other case.

''(c) QUALIFIED ALTERNATIVE FUEL VEHICLE REFUELING PROPERTY.—For purposes of this section—

''(1) IN GENERAL.—Except as provided in paragraph (2), the term 'qualified alternative fuel vehicle refueling property' has the meaning given to such term by section 179A(d), but only with respect to any fuel at least 85 percent of the volume of which consists of ethanol, natural gas, compressed natural gas, liquefied natural gas, liquefied petroleum gas, and hydrogen.

''(2) RESIDENTIAL PROPERTY.—In the case of any property installed on property which is used as the principal residence (within the meaning of section 121) of the taxpayer, paragraph (1) of section 179A(d) shall not apply.

''(d) APPLICATION WITH OTHER CREDITS.—The credit allowed under subsection (a) for any taxable year shall not exceed the excess (if any) of—

''(1) the regular tax for the taxable year reduced by the sum of the credits allowable under subpart A and sections 27, 29, 30, and 30B, over

''(2) the tentative minimum tax for the taxable year.

''(e) CARRYFORWARD ALLOWED.—

''(1) IN GENERAL.—If the credit amount allowable under subsection (a) for a taxable year exceeds the amount of the limitation under subsection (d) for such taxable year, such excess shall be allowed as a credit carryforward for each of the 20 taxable years following the unused credit year.

''(2) RULES.—Rules similar to the rules of section 39 shall apply with respect to the credit carryforward under paragraph (1).

''(f) SPECIAL RULES.—For purposes of this section—

''(1) BASIS REDUCTION.—The basis of any property shall be reduced by the portion of the cost of such property taken into account under subsection (a).

''(2) NO DOUBLE BENEFIT.—No deduction shall be allowed under section 179A with respect to any property with respect to which a credit is allowed under subsection (a).

''(3) PROPERTY USED BY TAX-EXEMPT ENTITY.—In the case of any qualified alternative fuel vehicle refueling property the use of which is described in paragraph (3) or (4) of section 50(b) and which is not subject to a lease, the person who sold such property to the person or entity using such property shall be treated as the taxpayer that placed such property in service, but only if such person clearly discloses to such person or entity in a document the amount of any credit allowable under subsection (a) with respect to such property (determined without regard to subsection (d)).

''(4) PROPERTY USED OUTSIDE UNITED STATES NOT QUALIFIED.—No credit shall be allowable under subsection (a) with respect to any property referred to in section 50(b)(1) or with respect to the portion of the cost of any property taken into account under section 179.

''(5) ELECTION NOT TO TAKE CREDIT.—No credit shall be allowed under subsection (a) for any property if the taxpayer elects not to have this section apply to such property.

''(6) RECAPTURE RULES.—Rules similar to the rules of section 179A(e)(4) shall apply.

''(g) REGULATIONS.—The Secretary shall prescribe such regulations as necessary to carry out the provisions of this section.

''(h) TERMINATION.—This section shall not apply to any property placed in service—

''(1) in the case of property relating to hydrogen, after December 31, 2014, and

''(2) in the case of any other property, after December 31, 2009.''.

(b) MODIFICATIONS TO EXTENSION OF DEDUCTION FOR CERTAIN REFUELING PROPERTY.—

(1) INCREASE IN DEDUCTION FOR HYDROGEN INFRASTRUCTURE.—Section 179A(b)(2)(A)(i) is amended by inserting ''($200,000 in the case of property relating to hydrogen)'' after ''$100,000''.

(2) EXTENSION OF DEDUCTION.—Subsection (f) of section 179A is amended to read as follows:

''(f) TERMINATION.—This section shall not apply to any property placed in service—

''(1) in the case of property relating to hydrogen, after December 31, 2014, and

''(2) in the case of any other property, after December 31, 2009.''.

(c) INCENTIVE FOR PRODUCTION OF HYDROGEN AT QUALIFIED CLEAN-FUEL VEHICLE REFUELING PROPERTY.—Section 179A(d) (defining qualified clean-fuel vehicle refueling property) is amended by adding at the end the following new flush sentence:

''In the case of clean-burning fuel which is hydrogen produced from another clean-burning fuel, paragraph (3)(A) shall be applied by substituting 'production, storage, or dispensing' for 'storage or dispensing' both places it appears.''.

(d) CONFORMING AMENDMENTS.—

(1) Section 1016(a), as amended by this Act, is amended by striking ''and'' at the end of paragraph (36), by striking the period at the end of paragraph (37) and inserting '', and'', and by adding at the end the following new paragraph:

''(38) to the extent provided in section 30C(f).''.

(2) Section 55(c)(2), as amended by this Act, is amended by inserting ''30C(e),'' after ''30B(e),''.

(3) Section 6501(m) is amended by inserting ''30C(f)(5),'' after ''30B(f)(9),''.

(4) The table of sections for subpart B of part IV of subchapter A of chapter 1, as amended by this Act, is amended by inserting after the item relating to section 30B the following new item:

''Sec. 30C. Clean-fuel vehicle refueling property credit.''.

(e) EFFECTIVE DATE.—The amendments made by this section shall apply to property placed in service after December 31, 2005, in taxable years ending after such date.

(f) NONAPPLICATION OF SECTION.—Notwithstanding any other provision of this Act, the provisions of, and amendments made by, section 1533 of this Act shall be null and void.

**SEC. 1703. ADVANCED TECHNOLOGY MOTOR VEHICLES MANUFACTURING CREDIT.**

(a) IN GENERAL.—Subpart B of part IV of subchapter A of chapter 1 (relating to foreign tax credit, etc.), as amended by this Act, is amended by adding at the end the following new section:

**''SEC. 30D. ADVANCED TECHNOLOGY MOTOR VEHICLES MANUFACTURING CREDIT.**

''(a) CREDIT ALLOWED.—There shall be allowed as a credit against the tax imposed by this chapter for the taxable year an amount equal to 35 percent of so much of the qualified investment of an eligible taxpayer for such taxable year as does not exceed $25,000,000.

''(b) QUALIFIED INVESTMENT.—For purposes of this section—

''(1) IN GENERAL.—The qualified investment for any taxable year is equal to the incremental costs incurred during such taxable year—

''(A) to re-equip or expand any manufacturing facility of the eligible taxpayer to produce advanced technology motor vehicles or to produce eligible components,

''(B) for engineering integration of such vehicles and components as described in subsection (d), and

''(C) for research and development related to advanced technology motor vehicles and eligible components.

''(2) ATTRIBUTION RULES.—In the event a facility of the eligible taxpayer produces both advanced technology motor vehicles and conventional motor vehicles, or eligible and non-eligible components, only the qualified investment attributable to production of advanced technology motor vehicles and eligible components shall be taken into account.

''(c) ADVANCED TECHNOLOGY MOTOR VEHICLES AND ELIGIBLE COMPONENTS.—For purposes of this section—

''(1) ADVANCED TECHNOLOGY MOTOR VEHICLE.—The term 'advanced technology motor vehicle' means—

''(A) any new advanced lean burn technology motor vehicle (as defined in section 30B(c)(3)), or

''(B) any new qualified hybrid motor vehicle (as defined in section 30B(d)(2)(A) and determined without regard to any gross vehicle weight rating).

''(2) ELIGIBLE COMPONENTS.—The term 'eligible component' means any component inherent to any advanced technology motor vehicle, including—

''(A) with respect to any gasoline or diesel-electric new qualified hybrid motor vehicle—

''(i) electric motor or generator,

''(ii) power split device,

''(iii) power control unit,

''(iv) power controls,

''(v) integrated starter generator, or

''(vi) battery,

''(B) with respect to any hydraulic new qualified hybrid motor vehicle—

''(i) hydraulic accumulator vessel,

''(ii) hydraulic pump, or

''(iii) hydraulic pump-motor assembly,

''(C) with respect to any new advanced lean burn technology motor vehicle—

''(i) diesel engine,

''(ii) turbocharger,

''(iii) fuel injection system, or

''(iv) after-treatment system, such as a particle filter or NOx absorber, and

''(D) with respect to any advanced technology motor vehicle, any other component submitted for approval by the Secretary.

''(d) ENGINEERING INTEGRATION COSTS.—For purposes of subsection (b)(1)(B), costs for engineering integration are costs incurred prior to the market introduction of advanced technology vehicles for engineering tasks related to—

''(1) establishing functional, structural, and performance requirements for component and subsystems to meet overall vehicle objectives for a specific application,

''(2) designing interfaces for components and subsystems with mating systems within a specific vehicle application,

''(3) designing cost effective, efficient, and reliable manufacturing processes to produce components and subsystems for a specific vehicle application, and

''(4) validating functionality and performance of components and subsystems for a specific vehicle application.

''(e) ELIGIBLE TAXPAYER.—For purposes of this section, the term 'eligible taxpayer' means any taxpayer if more than 50 percent of its gross receipts for the taxable year is derived from the manufacture of motor vehicles or any component parts of such vehicles.

''(f) LIMITATION BASED ON AMOUNT OF TAX.—The credit allowed under subsection (a) for the taxable year shall not exceed the excess of—

''(1) the sum of—

''(A) the regular tax liability (as defined in section 26(b)) for such taxable year, plus

''(B) the tax imposed by section 55 for such taxable year and any prior taxable year beginning after 1986 and not taken into account under section 53 for any prior taxable year, over

''(2) the sum of the credits allowable under subpart A and sections 27, 30, and 30B for the taxable year.

''(g) REDUCTION IN BASIS.—For purposes of this subtitle, if a credit is allowed under this section for any expenditure with respect to any property, the increase in the basis of such property which would (but for this paragraph) result from such expenditure shall be reduced by the amount of the credit so allowed.

''(h) NO DOUBLE BENEFIT.—

''(1) COORDINATION WITH OTHER DEDUCTIONS AND CREDITS.—Except as provided in paragraph (2), the amount of any deduction or other credit allowable under this chapter for

any cost taken into account in determining the amount of the credit under subsection (a) shall be reduced by the amount of such credit attributable to such cost.

''(2) RESEARCH AND DEVELOPMENT COSTS.—

''(A) IN GENERAL.—Except as provided in subparagraph (B), any amount described in subsection (b)(1)(C) taken into account in determining the amount of the credit under subsection (a) for any taxable year shall not be taken into account for purposes of determining the credit under section 41 for such taxable year.

''(B) COSTS TAKEN INTO ACCOUNT IN DETERMINING BASE PERIOD RESEARCH EXPENSES.—Any amounts described in subsection (b)(1)(C) taken into account in determining the amount of the credit under subsection (a) for any taxable year which are qualified research expenses (within the meaning of section 41(b)) shall be taken into account in determining base period research expenses for purposes of applying section 41 to subsequent taxable years.

''(i) BUSINESS CARRYOVERS ALLOWED.—If the credit allowable under subsection (a) for a taxable year exceeds the limitation under subsection (f) for such taxable year, such excess (to the extent of the credit allowable with respect to property subject to the allowance for depreciation) shall be allowed as a credit carryback and carryforward under rules similar to the rules of section 39.

''(j) SPECIAL RULES.—For purposes of this section, rules similar to the rules of paragraphs (4) and (5) of section 179A(e) and paragraphs (1) and (2) of section 41(f) shall apply

''(k) ELECTION NOT TO TAKE CREDIT.—No credit shall be allowed under subsection (a) for any property if the taxpayer elects not to have this section apply to such property.

''(l) REGULATIONS.—The Secretary shall prescribe such regulations as necessary to carry out the provisions of this section.

''(m) TERMINATION.—This section shall not apply to any qualified investment after December 31, 2010.''.

(b) CONFORMING AMENDMENTS.—

(1) Section 1016(a), as amended by this Act, is amended by striking ''and'' at the end of paragraph (39), by striking the period at the end of paragraph (40) and inserting '', and'', and by adding at the end the following new paragraph:

''(41) to the extent provided in section 30D(g).''.

(2) Section 6501(m), as amended by this Act, is amended by inserting ''30D(k),'' after ''30C(j),''.

(3) The table of sections for subpart B of part IV of subchapter A of chapter 1, as amended by this Act, is amended by inserting after the item relating to section 30C the following new item:

''Sec. 30D. Advanced technology motor vehicles manufacturing credit.''.

(c) EFFECTIVE DATE.—The amendments made by this section shall apply to amounts incurred in taxable years beginning after December 31, 2005.

**Subtitle B—Revenue Offset Provisions**

**PART I—REDUCTION IN EXTENSION OF RENEWABLE ELECTRICITY PRODUCTION CREDIT**

**SEC. 1705. EXTENSION OF RENEWABLE ELECTRICITY PRODUCTION CREDIT THROUGH 2007.**

Paragraphs (1), (2), (3), (5), (6), (7), (9), and (10) of section 45(d) of the Internal Revenue Code of 1986, as amended by title XV, are amended by striking ''2009'' each place it appears and inserting ''2008''.

**PART II—GENERAL PROVISIONS**

**SEC. 1711. TREATMENT OF CONTINGENT PAYMENT CONVERTIBLE DEBT INSTRUMENTS.**

(a) IN GENERAL.—Section 1275(d) (relating to regulation authority) is amended—

(1) by striking ''The Secretary'' and inserting the following:

''(1) IN GENERAL.—The Secretary'', and

(2) by adding at the end the following new paragraph:

''(2) TREATMENT OF CONTINGENT PAYMENT CONVERTIBLE DEBT.—

''(A) IN GENERAL.—In the case of a debt instrument which—

''(i) is convertible into stock of the issuing corporation, into stock or debt of a related party (within the meaning of section 267(b) or 707(b)(1)), or into cash or other property in an amount equal to the approximate value of such stock or debt, and

''(ii) provides for contingent payments,

any regulations which require original issue discount to be determined by reference to the comparable yield of a noncontingent fixed-rate debt instrument shall be applied as if the regulations require that such comparable yield be determined by reference to a noncontingent fixed-rate debt instrument which is convertible into stock.

''(B) SPECIAL RULE.—For purposes of subparagraph (A), the comparable yield shall be determined without taking into account the yield resulting from the conversion of a debt instrument into stock.''.

(b) CROSS REFERENCE.—Section 163(e)(6) (relating to cross references) is amended by adding at the end the following:

''For the treatment of contingent payment convertible debt, see section 1275(d)(2).''.

(c) EFFECTIVE DATE.—The amendments made by this section shall apply to debt instruments issued on or after the date of the enactment of this Act.

**SEC. 1712. 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:

''(e) 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. 1713. INCREASE IN CERTAIN CRIMINAL PENALTIES.**

(a) IN GENERAL.—Section 7206 (relating to fraud and false statements) is amended—

(1) by striking ''Any person who—'' and inserting ''(a) IN GENERAL.—Any person who—'', and

(2) by adding at the end the following new subsection:

''(b) INCREASE IN MONETARY LIMITATION FOR UNDERPAYMENT OR OVERPAYMENT OF TAX DUE TO FRAUD.—If any portion of any underpayment (as defined in section 6664(a)) or overpayment (as defined in section 6401(a)) of tax required to be shown on a return is attributable to fraudulent action described in subsection (a), the applicable dollar amount under subsection (a) shall in no event be less than an amount equal to such portion. A rule similar to the rule under section 6663(b) shall apply for purposes of determining the portion so attributable.''.

(b) INCREASE IN PENALTIES.—

(1) ATTEMPT TO EVADE OR DEFEAT TAX.—Section 7201 is amended—

(A) by striking ''$100,000'' and inserting ''$500,000'',

(B) by striking ''$500,000'' and inserting ''$1,000,000'', and

(C) by striking ''5 years'' and inserting ''10 years''.

(2) WILLFUL FAILURE TO FILE RETURN, SUPPLY INFORMATION, OR PAY TAX.—Section 7203 is amended—

(A) in the first sentence—

(i) by striking ''Any person'' and inserting the following:

''(a) IN GENERAL.—Any person'', and

(ii) by striking ''$25,000'' and inserting ''$50,000'',

(B) in the third sentence, by striking ''section'' and inserting ''subsection'', and

(C) by adding at the end the following new subsection:

''(b) AGGRAVATED FAILURE TO FILE.—

''(1) IN GENERAL.—In the case of any failure described in paragraph (2), the first sentence of subsection (a) shall be applied by substituting—

''(A) 'felony' for 'misdemeanor',

''(B) '$500,000 ($1,000,000' for '$25,000 ($100,000', and

''(C) '10 years' for '1 year'.

''(2) FAILURE DESCRIBED.—A failure described in this paragraph is a failure to make a return described in subsection (a) for a period of 3 or more consecutive taxable years and the aggregated tax liability for such period is at least $100,000.''.

(3) FRAUD AND FALSE STATEMENTS.—Section 7206(a) (as redesignated by subsection (a)) is amended—

(A) by striking ''$100,000'' and inserting ''$500,000'',

(B) by striking ''$500,000'' and inserting ''$1,000,000'', and

(C) by striking ''3 years'' and inserting ''5 years''.

(c) EFFECTIVE DATE.—The amendments made by this section shall apply to actions, and failures to act, occurring after the date of the enactment of this Act.

**SEC. 1714. DOUBLING OF CERTAIN PENALTIES, FINES, AND INTEREST ON UNDERPAYMENTS RELATED TO CERTAIN OFFSHORE FINANCIAL ARRANGEMENTS.**

(a) DETERMINATION OF PENALTY.—

(1) IN GENERAL.—Notwithstanding any other provision of law, in the case of an applicable taxpayer—

(A) the determination as to whether any interest or applicable penalty is to be imposed with respect to any arrangement described in paragraph (2), or to any underpayment of Federal income tax attributable to items arising in connection with any such arrangement, shall be made without regard to the rules of subsections (b), (c), and (d) of section 6664 of the Internal Revenue Code of 1986, and

(B) if any such interest or applicable penalty is imposed, the amount of such interest or penalty shall be equal to twice that determined without regard to this section.

(2) APPLICABLE TAXPAYER.—For purposes of this subsection—

(A) IN GENERAL.—The term ''applicable taxpayer'' means a taxpayer which—

(i) has underreported its United States income tax liability with respect to any item which directly or indirectly involves—

(I) any financial arrangement which in any manner relies on the use of offshore payment mechanisms (including credit, debit, or charge cards) issued by banks or other entities in foreign jurisdictions, or

(II) any offshore financial arrangement (including any arrangement with foreign banks, financial institutions, corporations, partnerships, trusts, or other entities), and

(ii) has not signed a closing agreement pursuant to the Voluntary Offshore Compliance Initiative established by the Department of the Treasury under Revenue Procedure 2003-11 or voluntarily disclosed its participation in such arrangement by notifying the Internal Revenue Service of such arrangement prior to the issue being raised by the Internal Revenue Service during an examination.

(B) AUTHORITY TO WAIVE.—The Secretary of the Treasury or the Secretary's delegate may waive the application of paragraph (1) to any taxpayer if the Secretary or the Secretary's delegate determines that the use of such offshore payment mechanisms is incidental to the transaction and, in addition, in the case of a trade or business, such use is conducted in the ordinary course of the trade or business of the taxpayer.

(C) ISSUES RAISED.—For purposes of subparagraph (A)(ii), an item shall be treated as an issue raised during an examination if the individual examining the return—

(i) communicates to the taxpayer knowledge about the specific item, or

(ii) has made a request to the taxpayer for information and the taxpayer could not make a complete response to that request without giving the examiner knowledge of the specific item.

(b) DEFINITIONS AND RULES.—For purposes of this section—

(1) APPLICABLE PENALTY.—The term ''applicable penalty'' means any penalty, addition to tax, or fine imposed under chapter 68 of the Internal Revenue Code of 1986.

(2) FEES AND EXPENSES.—The Secretary of the Treasury may retain and use an amount not in excess of 25 percent of all additional interest, penalties, additions to tax, and fines collected under this section to be used for enforcement and collection activities of the Internal Revenue Service. The Secretary shall keep adequate records regarding amounts so retained and used. The amount credited as paid by any taxpayer shall be determined without regard to this paragraph.

(c) REPORT BY SECRETARY.—The Secretary shall each year conduct a study and report to Congress on the implementation of this section during the preceding year, including statistics on the number of taxpayers affected by such implementation and the amount of interest and applicable penalties asserted, waived, and assessed during such preceding year.

(d) EFFECTIVE DATE.—The provisions of this section shall apply to interest, penalties, additions to tax, and fines with respect to any taxable year if, as of the date of the enactment of this Act, the assessment of any tax, penalty, or interest with respect to such taxable year is not prevented by the operation of any law or rule of law.

**SEC. 1715. MODIFICATION OF INTERACTION BETWEEN SUBPART F AND PASSIVE FOREIGN INVESTMENT COMPANY RULES.**

(a) LIMITATION ON EXCEPTION FROM PFIC RULES FOR UNITED STATES SHAREHOLDERS OF CONTROLLED FOREIGN CORPORATIONS.—Paragraph (2) of section 1297(e) (relating to passive foreign investment company) is amended by adding at the end the following flush sentence:

''Such term shall not include any period if the earning of subpart F income by such corporation during such period would result in only a remote likelihood of an inclusion in gross income under section 951(a)(1)(A)(i).''.

(b) EFFECTIVE DATE.—The amendment made by this section shall apply to taxable years of controlled foreign corporations beginning after March 2, 2005, and to taxable years of United States shareholders with or within which such taxable years of controlled foreign corporations end.

**SEC. 1716. DECLARATION BY CHIEF EXECUTIVE OFFICER RELATING TO FEDERAL ANNUAL CORPORATE INCOME TAX RETURN.**

(a) IN GENERAL.—The Federal annual tax return of a corporation with respect to income shall also include a declaration signed by the chief executive officer of such corporation (or other such officer of the corporation as the Secretary of the Treasury may designate if the corporation does not have a chief executive officer), under penalties of perjury, that the corporation has in place processes and procedures that ensure that such return complies with the Internal Revenue Code of 1986 and that the chief executive officer was provided reasonable assurance of the accuracy of all material aspects of such return. The preceding sentence shall not apply to any return of a regulated investment company (within the meaning of section 851 of such Code).

(b) EFFECTIVE DATE.—This section shall apply to Federal annual tax returns for taxable years ending after the date of the enactment of this Act.

**SEC. 1717. TREASURY REGULATIONS ON FOREIGN TAX CREDIT.**

(a) IN GENERAL.—Section 901 (relating to taxes of foreign countries and of possessions of United States) is amended by redesignating subsection (m) as subsection (n) and by inserting after subsection (l) the following new subsection:

''(m) REGULATIONS.—The Secretary may prescribe regulations disallowing a credit under subsection (a) for all or a portion of any foreign tax, or allocating a foreign tax among 2 or more persons, in cases where the foreign tax is imposed on any person in respect of income of another person or in other cases involving the inappropriate separation of the foreign tax from the related foreign income.''.

(b) EFFECTIVE DATE.—The amendments made by this section shall apply to transactions entered into after the date of the enactment of this Act.

**SEC. 1718. WHISTLEBLOWER REFORMS.**

(a) IN GENERAL.—Section 7623 (relating to expenses of detection of underpayments and fraud, etc.) is amended—

(1) by striking ''The Secretary'' and inserting ''(a) IN GENERAL.—The Secretary'',

(2) by striking ''and'' at the end of paragraph (1) and inserting ''or'',

(3) by striking ''(other than interest)'', and

(4) by adding at the end the following new subsections:

''(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) shall be subject to the filing by the individual described in such paragraph of a petition for review with the Tax Court under rules similar to the rules under section 7463 (without regard to the amount in dispute) and such review shall be subject to the rules under section 7461(b)(1).

''(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 $20,000.

''(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) AWARD NOT SUBJECT TO INDIVIDUAL ALTERNATIVE MINIMUM TAX.—No award received under this subsection shall be included in gross income for purposes of determining alternative minimum taxable income.

''(c) WHISTLEBLOWER OFFICE.—

''(1) IN GENERAL.—There is established in the Internal Revenue Service an office to be known as the 'Whistleblower Office' which—

''(A) shall at all times operate at the direction of the Commissioner and coordinate and consult with other divisions in the Internal Revenue Service as directed by the Commissioner,

''(B) shall analyze information received from any individual described in subsection (b) and either investigate the matter itself or assign it to the appropriate Internal Revenue Service office,

''(C) shall monitor any action taken with respect to such matter,

''(D) shall inform such individual that it has accepted the individual's information for further review,

''(E) may require such individual and any legal representative of such individual to not disclose any information so provided,

''(F) in its sole discretion, may ask for additional assistance from such individual or any legal representative of such individual, and

''(G) shall determine the amount to be awarded to such individual under subsection (b).

''(2) FUNDING FOR OFFICE.—There is authorized to be appropriated $10,000,000 for each fiscal year for the Whistleblower Office. These funds shall be used to maintain the Whistleblower Office and also to reimburse other Internal Revenue Service offices for related costs, such as costs of investigation and collection.

''(3) REQUEST FOR ASSISTANCE.—

''(A) IN GENERAL.—Any assistance requested under paragraph (1)(F) shall be under the direction and control of the Whistleblower Office or the office assigned to investigate the matter under subparagraph (A). To the extent the disclosure of any returns or return information to the individual or legal representative is required for the performance of such assistance, such disclosure shall be pursuant to a contract entered into between the Secretary and the recipients of such disclosure subject to section 6103(n). 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.

''(B) FUNDING OF ASSISTANCE.—From the amounts available for expenditure under subsection (b), the Whistleblower Office may, with the agreement of the individual described in subsection (b), reimburse the costs incurred by any legal representative of such individual in providing assistance described in subparagraph (A).

''(d) REPORT BY SECRETARY.—The Secretary shall each year conduct a study and report to Congress on the use of this section, including—

''(1) an analysis of the use of this section during the preceding year and the results of such use, and

''(2) any legislative or administrative recommendations regarding the provisions of this section and its application.''.

(b) EFFECTIVE DATE.—The amendments made by this section shall apply to information provided on or after the date of the enactment of this Act.

**SEC. 1719. DENIAL OF DEDUCTION FOR CERTAIN FINES, PENALTIES, AND OTHER AMOUNTS.**

(a) IN GENERAL.—Subsection (f) of section 162 (relating to trade or business expenses) is amended to read as follows:

''(f) FINES, PENALTIES, AND OTHER AMOUNTS.—

''(1) IN GENERAL.—Except as provided in paragraph (2), no deduction otherwise allowable shall be allowed under this chapter for any amount paid or incurred (whether by suit, agreement, or otherwise) to, or at the direction of, a government or entity described in paragraph (4) in relation to the violation of any law or the investigation or inquiry by such government or entity into the potential violation of any law.

''(2) EXCEPTION FOR AMOUNTS CONSTITUTING RESTITUTION.—Paragraph (1) shall not apply to any amount which—

''(A) the taxpayer establishes constitutes restitution (including remediation of property) for damage or harm caused by or which may be caused by the violation of any law or the potential violation of any law, and

''(B) is identified as restitution in the court order or settlement agreement.

Identification pursuant to subparagraph (B) alone shall not satisfy the requirement under subparagraph (A). This paragraph shall not apply to any amount paid or incurred as reimbursement to the government or entity for the costs of any investigation or litigation.

''(3) EXCEPTION FOR AMOUNTS PAID OR INCURRED AS THE RESULT OF CERTAIN COURT ORDERS.—Paragraph (1) shall not apply to any amount paid or incurred by order of a court in a suit in which no government or entity described in paragraph (4) is a party.

''(4) CERTAIN NONGOVERNMENTAL REGULATORY ENTITIES.—An entity is described in this paragraph if it is—

''(A) a nongovernmental entity which exercises self-regulatory powers (including imposing sanctions) in connection with a qualified board or exchange (as defined in section 1256(g)(7)), or

''(B) to the extent provided in regulations, a nongovernmental entity which exercises self-regulatory powers (including imposing sanctions) as part of performing an essential governmental function.

''(5) EXCEPTION FOR TAXES DUE.—Paragraph (1) shall not apply to any amount paid or incurred as taxes due.''.

(b) EFFECTIVE DATE.—The amendment made by this section shall apply to amounts paid or incurred on or after the date of the enactment of this Act, except that such amendment shall not apply to amounts paid or incurred under any binding order or agreement entered into before such date. Such exception shall not apply to an order or agreement requiring court approval unless the approval was obtained before such date.

**SEC. 1720. FREEZE OF INTEREST SUSPENSION RULES WITH RESPECT TO LISTED TRANSACTIONS.**

(a) IN GENERAL.—Paragraph (2) of section 903(d) of the American Jobs Creation Act of 2005 is amended to read as follows:

''(2) EXCEPTION FOR REPORTABLE OR LISTED TRANSACTIONS.—

''(A) IN GENERAL.—The amendments made by subsection (c) shall apply with respect to interest accruing after October 3, 2004.

''(B) SPECIAL RULE FOR CERTAIN LISTED TRANSACTIONS.—

''(i) IN GENERAL.—Except as provided in clause (ii) or (iii), in the case of any listed transaction, the amendments made by subsection (c) shall also apply with respect to interest accruing on or before October 3, 2004.

''(ii) PARTICIPANTS IN SETTLEMENT INITIATIVES.—Clause (i) shall not apply to a listed transaction if, as of May 9, 2005—

''(I) the taxpayer is participating in a published settlement initiative which is offered by the Secretary of the Treasury or his delegate to a group of similarly situated taxpayers claiming benefits from the listed transaction, or

''(II) the taxpayer has entered into a settlement agreement pursuant to such an initiative with respect to the tax liability arising in connection with the listed transaction.

Subclause (I) shall not apply to the taxpayer if, after May 9, 2005, the taxpayer withdraws from, or terminates, participation in the initiative or the Secretary or his delegate determines that a settlement agreement will not be reached pursuant to the initiative within a reasonable period of time.

''(iii) CLOSED TRANSACTIONS.—Clause (i) shall not apply to a listed transaction if, as of May 9, 2005—

''(I) the assessment of all Federal income taxes for the taxable year in which the tax liability to which the interest relates arose is prevented by the operation of any law or rule of law, or

''(II) a closing agreement under section 7121 has been entered into with respect to the tax liability arising in connection with the listed transaction.''.

(b) EFFECTIVE DATE.—The amendment made by this section shall take effect as if included in the provisions of the American Jobs Creation Act of 2004 to which it relates.

**SEC. 1721. MODIFICATIONS OF EFFECTIVE DATES OF LEASING PROVISIONS OF THE AMERICAN JOBS CREATION ACT OF 2004.**

(a) REPEAL OF EXCEPTION FOR QUALIFIED TRANSPORTATION PROPERTY.—Section 849(b) of the American Jobs Creation Act of 2004 is amended by striking paragraphs (1) and (2) and by redesignating paragraphs (3) and (4) as paragraphs (1) and (2).

(b) EFFECTIVE DATE.—The amendments made by this section shall take effect as if included in the enactment of the American Jobs Creation Act of 2004.

**SEC. 1722. IMPOSITION OF MARK-TO-MARKET TAX ON INDIVIDUALS WHO EXPATRIATE.**

(a) IN GENERAL.—Subpart A of part II of subchapter N of chapter 1 is amended by inserting after section 877 the following new section:

**''SEC. 877A. TAX RESPONSIBILITIES OF EXPATRIATION.**

''(a) GENERAL RULES.—For purposes of this subtitle—

''(1) MARK TO MARKET.—Except as provided in subsections (d) and (f), all property of a covered expatriate to whom this section applies shall be treated as sold on the day before the expatriation date for its fair market value.

''(2) RECOGNITION OF GAIN OR LOSS.—In the case of any sale under paragraph (1)—

''(A) notwithstanding any other provision of this title, any gain arising from such sale shall be taken into account for the taxable year of the sale, and

''(B) any loss arising from such sale shall be taken into account for the taxable year of the sale to the extent otherwise provided by this title, except that section 1091 shall not apply to any such loss.

Proper adjustment shall be made in the amount of any gain or loss subsequently realized for gain or loss taken into account under the preceding sentence.

''(3) EXCLUSION FOR CERTAIN GAIN.—

''(A) IN GENERAL.—The amount which, but for this paragraph, would be includible in the gross income of any individual by reason of this section shall be reduced (but not below zero) by $600,000. For purposes of this paragraph, allocable expatriation gain taken into account under subsection (f)(2) shall be treated in the same manner as an amount required to be includible in gross income.

''(B) COST-OF-LIVING ADJUSTMENT.—

''(i) IN GENERAL.—In the case of an expatriation date occurring in any calendar year after 2005, the $600,000 amount under subparagraph (A) 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, determined by substituting 'calendar year 2004' for 'calendar year 1992' in subparagraph (B) thereof.

''(ii) ROUNDING RULES.—If any amount after adjustment under clause (i) is not a multiple of $1,000, such amount shall be rounded to the next lower multiple of $1,000.

''(4) ELECTION TO CONTINUE TO BE TAXED AS UNITED STATES CITIZEN.—

''(A) IN GENERAL.—If a covered expatriate elects the application of this paragraph—

''(i) this section (other than this paragraph and subsection (i)) shall not apply to the expatriate, but

''(ii) in the case of property to which this section would apply but for such election, the expatriate shall be subject to tax under this title in the same manner as if the individual were a United States citizen.

''(B) REQUIREMENTS.—Subparagraph (A) shall not apply to an individual unless the individual—

''(i) provides security for payment of tax in such form and manner, and in such amount, as the Secretary may require,

''(ii) consents to the waiver of any right of the individual under any treaty of the United States which would preclude assessment or collection of any tax which may be imposed by reason of this paragraph, and

''(iii) complies with such other requirements as the Secretary may prescribe.

''(C) ELECTION.—An election under subparagraph (A) shall apply to all property to which this section would apply but for the election and, once made, shall be irrevocable. Such election shall also apply to property the basis of which is determined in whole or in part by reference to the property with respect to which the election was made.

''(b) ELECTION TO DEFER TAX.—

''(1) IN GENERAL.—If the taxpayer elects the application of this subsection with respect to any property treated as sold by reason of subsection (a), the payment of the additional tax attributable to such property shall be postponed until the due date of the return for the taxable year in which such property is disposed of (or, in the case of property disposed of in a transaction in which gain is not recognized in whole or in part, until such other date as the Secretary may prescribe).

''(2) DETERMINATION OF TAX WITH RESPECT TO PROPERTY.—For purposes of paragraph (1), the additional tax attributable to any property is an amount which bears the same ratio to the additional tax imposed by this chapter for the taxable year solely by reason of subsection (a) as the gain taken into account under subsection (a) with respect to such property bears to the total gain taken into account under subsection (a) with respect to all property to which subsection (a) applies.

''(3) TERMINATION OF POSTPONEMENT.—No tax may be postponed under this subsection later than the due date for the return of tax imposed by this chapter for the taxable year which includes the date of death of the expatriate (or, if earlier, the time that the security provided with respect to the property fails to meet the requirements of paragraph (4), unless the taxpayer corrects such failure within the time specified by the Secretary).

''(4) SECURITY.—

''(A) IN GENERAL.—No election may be made under paragraph (1) with respect to any property unless adequate security is provided to the Secretary with respect to such property.

''(B) ADEQUATE SECURITY.—For purposes of subparagraph (A), security with respect to any property shall be treated as adequate security if—

''(i) it is a bond in an amount equal to the deferred tax amount under paragraph (2) for the property, or

''(ii) the taxpayer otherwise establishes to the satisfaction of the Secretary that the security is adequate.

''(5) WAIVER OF CERTAIN RIGHTS.—No election may be made under paragraph (1) unless the taxpayer consents to the waiver of any right under any treaty of the United States which would preclude assessment or collection of any tax imposed by reason of this section.

''(6) ELECTIONS.—An election under paragraph (1) shall only apply to property described in the election and, once made, is irrevocable. An election may be made under paragraph (1) with respect to an interest in a trust with respect to which gain is required to be recognized under subsection (f)(1).

''(7) INTEREST.—For purposes of section 6601—

''(A) the last date for the payment of tax shall be determined without regard to the election under this subsection, and

''(B) section 6621(a)(2) shall be applied by substituting '5 percentage points' for '3 percentage points' in subparagraph (B) thereof.

''(c) COVERED EXPATRIATE.—For purposes of this section—

''(1) IN GENERAL.—Except as provided in paragraph (2), the term 'covered expatriate' means an expatriate.

''(2) EXCEPTIONS.—An individual shall not be treated as a covered expatriate if—

''(A) the individual—

''(i) became at birth a citizen of the United States and a citizen of another country and, as of the expatriation date, continues to be a citizen of, and is taxed as a resident of, such other country, and

''(ii) has not been a resident of the United States (as defined in section 7701(b)(1)(A)(ii)) during the 5 taxable years ending with the taxable year during which the expatriation date occurs, or

''(B)(i) the individual's relinquishment of United States citizenship occurs before such individual attains age 18½, and

''(ii) the individual has been a resident of the United States (as so defined) for not more than 5 taxable years before the date of relinquishment.

''(d) EXEMPT PROPERTY; SPECIAL RULES FOR PENSION PLANS.—

''(1) EXEMPT PROPERTY.—This section shall not apply to the following:

''(A) UNITED STATES REAL PROPERTY INTERESTS.—Any United States real property interest (as defined in section 897(c)(1)), other than stock of a United States real property holding corporation which does not, on the day before the expatriation date, meet the requirements of section 897(c)(2).

''(B) SPECIFIED PROPERTY.—Any property or interest in property not described in subparagraph (A) which the Secretary specifies in regulations.

''(2) SPECIAL RULES FOR CERTAIN RETIREMENT PLANS.—

''(A) IN GENERAL.—If a covered expatriate holds on the day before the expatriation date any interest in a retirement plan to which this paragraph applies—

''(i) such interest shall not be treated as sold for purposes of subsection (a)(1), but

''(ii) an amount equal to the present value of the expatriate's nonforfeitable accrued benefit shall be treated as having been received by such individual on such date as a distribution under the plan.

''(B) TREATMENT OF SUBSEQUENT DISTRIBUTIONS.—In the case of any distribution on or after the expatriation date to or on behalf of the covered expatriate from a plan from which the expatriate was treated as receiving a distribution under subparagraph (A), the amount otherwise includible in gross income by reason of the subsequent distribution shall be reduced by the excess of the amount includible in gross income under subparagraph (A) over any portion of such amount to which this subparagraph previously applied.

''(C) TREATMENT OF SUBSEQUENT DISTRIBUTIONS BY PLAN.—For purposes of this title, a retirement plan to which this paragraph applies, and any person acting on the plan's behalf, shall treat any subsequent distribution described in subparagraph (B) in the same manner as such distribution would be treated without regard to this paragraph.

''(D) APPLICABLE PLANS.—This paragraph shall apply to—

''(i) any qualified retirement plan (as defined in section 4974(c)),

''(ii) an eligible deferred compensation plan (as defined in section 457(b)) of an eligible employer described in section 457(e)(1)(A), and

''(iii) to the extent provided in regulations, any foreign pension plan or similar retirement arrangements or programs.

''(e) DEFINITIONS.—For purposes of this section—

''(1) EXPATRIATE.—The term 'expatriate' means—

''(A) any United States citizen who relinquishes citizenship, and

''(B) any long-term resident of the United States who—

''(i) ceases to be a lawful permanent resident of the United States (within the meaning of section 7701(b)(6)), or

''(ii) commences to be treated as a resident of a foreign country under the provisions of a tax treaty between the United States and the foreign country and who does not waive the benefits of such treaty applicable to residents of the foreign country.

''(2) EXPATRIATION DATE.—The term 'expatriation date' means—

''(A) the date an individual relinquishes United States citizenship, or

''(B) in the case of a long-term resident of the United States, the date of the event described in clause (i) or (ii) of paragraph (1)(B).

''(3) RELINQUISHMENT OF CITIZENSHIP.—A citizen shall be treated as relinquishing United States citizenship on the earliest of—

''(A) the date the individual renounces such individual's United States nationality before a diplomatic or consular officer of the United States pursuant to paragraph (5) of section 349(a) of the Immigration and Nationality Act (8 U.S.C. 1481(a)(5)),

''(B) the date the individual furnishes to the United States Department of State a signed statement of voluntary relinquishment of United States nationality confirming the performance of an act of expatriation specified in paragraph (1), (2), (3), or (4) of section 349(a) of the Immigration and Nationality Act (8 U.S.C. 1481(a)(1)–(4)),

''(C) the date the United States Department of State issues to the individual a certificate of loss of nationality, or

''(D) the date a court of the United States cancels a naturalized citizen's certificate of naturalization.

Subparagraph (A) or (B) shall not apply to any individual unless the renunciation or voluntary relinquishment is subsequently approved by the issuance to the individual of a certificate of loss of nationality by the United States Department of State.

''(4) LONG-TERM RESIDENT.—The term 'long-term resident' has the meaning given to such term by section 877(e)(2).

''(f) SPECIAL RULES APPLICABLE TO BENEFICIARIES' INTERESTS IN TRUST.—

''(1) IN GENERAL.—Except as provided in paragraph (2), if an individual is determined under paragraph (3) to hold an interest in a trust on the day before the expatriation date—

''(A) the individual shall not be treated as having sold such interest,

''(B) such interest shall be treated as a separate share in the trust, and

''(C)(i) such separate share shall be treated as a separate trust consisting of the assets allocable to such share,

''(ii) the separate trust shall be treated as having sold its assets on the day before the expatriation date for their fair market value and as having distributed all of its assets to the individual as of such time, and

''(iii) the individual shall be treated as having recontributed the assets to the separate trust.

Subsection (a)(2) shall apply to any income, gain, or loss of the individual arising from a distribution described in subparagraph (C)(ii). In determining the amount of such distribution, proper adjustments shall be made for liabilities of the trust allocable to an individual's share in the trust.

''(2) SPECIAL RULES FOR INTERESTS IN QUALIFIED TRUSTS.—

''(A) IN GENERAL.—If the trust interest described in paragraph (1) is an interest in a qualified trust—

''(i) paragraph (1) and subsection (a) shall not apply, and

''(ii) in addition to any other tax imposed by this title, there is hereby imposed on each distribution with respect to such interest a tax in the amount determined under subparagraph (B).

''(B) AMOUNT OF TAX.—The amount of tax under subparagraph (A)(ii) shall be equal to the lesser of—

''(i) the highest rate of tax imposed by section 1(e) for the taxable year which includes the day before the expatriation date, multiplied by the amount of the distribution, or

''(ii) the balance in the deferred tax account immediately before the distribution determined without regard to any increases under subparagraph (C)(ii) after the 30th day preceding the distribution.

''(C) DEFERRED TAX ACCOUNT.—For purposes of subparagraph (B)(ii)—

''(i) OPENING BALANCE.—The opening balance in a deferred tax account with respect to any trust interest is an amount equal to the tax which would have been imposed on the allocable expatriation gain with respect to the trust interest if such gain had been included in gross income under subsection (a).

''(ii) INCREASE FOR INTEREST.—The balance in the deferred tax account shall be increased by the amount of interest determined (on the balance in the account at the time the interest accrues), for periods after the 90th day after the expatriation date, by using the rates and method applicable under section 6621 for underpayments of tax for such periods, except that section 6621(a)(2) shall be applied by substituting '5 percentage points' for '3 percentage points' in subparagraph (B) thereof.

''(iii) DECREASE FOR TAXES PREVIOUSLY PAID.—The balance in the tax deferred account shall be reduced—

''(I) by the amount of taxes imposed by subparagraph (A) on any distribution to the person holding the trust interest, and

''(II) in the case of a person holding a nonvested interest, to the extent provided in regulations, by the amount of taxes imposed by subparagraph (A) on distributions from the trust with respect to nonvested interests not held by such person.

''(D) ALLOCABLE EXPATRIATION GAIN.—For purposes of this paragraph, the allocable expatriation gain with respect to any beneficiary's interest in a trust is the amount of gain which would be allocable to such beneficiary's vested and nonvested interests in the trust if the beneficiary held directly all assets allocable to such interests.

''(E) TAX DEDUCTED AND WITHHELD.—

''(i) IN GENERAL.—The tax imposed by subparagraph (A)(ii) shall be deducted and withheld by the trustees from the distribution to which it relates.

''(ii) EXCEPTION WHERE FAILURE TO WAIVE TREATY RIGHTS.—If an amount may not be deducted and withheld under clause (i) by reason of the distributee failing to waive any treaty right with respect to such distribution—

''(I) the tax imposed by subparagraph (A)(ii) shall be imposed on the trust and each trustee shall be personally liable for the amount of such tax, and

''(II) any other beneficiary of the trust shall be entitled to recover from the distributee the amount of such tax imposed on the other beneficiary.

''(F) DISPOSITION.—If a trust ceases to be a qualified trust at any time, a covered expatriate disposes of an interest in a qualified trust, or a covered expatriate holding an interest in a qualified trust dies, then, in lieu of the tax imposed by subparagraph (A)(ii), there is hereby imposed a tax equal to the lesser of—

''(i) the tax determined under paragraph (1) as if the day before the expatriation date were the date of such cessation, disposition, or death, whichever is applicable, or

''(ii) the balance in the tax deferred account immediately before such date.

Such tax shall be imposed on the trust and each trustee shall be personally liable for the amount of such tax and any other beneficiary of the trust shall be entitled to recover from the covered expatriate or the estate the amount of such tax imposed on the other beneficiary.

''(G) DEFINITIONS AND SPECIAL RULES.—For purposes of this paragraph—

''(i) QUALIFIED TRUST.—The term 'qualified trust' means a trust which is described in section 7701(a)(30)(E).

''(ii) VESTED INTEREST.—The term 'vested interest' means any interest which, as of the day before the expatriation date, is vested in the beneficiary.

''(iii) NONVESTED INTEREST.—The term 'nonvested interest' means, with respect to any beneficiary, any interest in a trust which is not a vested interest. Such interest shall be determined by assuming the maximum exercise of discretion in favor of the beneficiary and the occurrence of all contingencies in favor of the beneficiary.

''(iv) ADJUSTMENTS.—The Secretary may provide for such adjustments to the bases of assets in a trust or a deferred tax account, and the timing of such adjustments, in order to ensure that gain is taxed only once.

''(v) COORDINATION WITH RETIREMENT PLAN RULES.—This subsection shall not apply to an interest in a trust which is part of a retirement plan to which subsection (d)(2) applies.

''(3) DETERMINATION OF BENEFICIARIES' INTEREST IN TRUST.—

''(A) DETERMINATIONS UNDER PARAGRAPH (1).—For purposes of paragraph (1), a beneficiary's interest in a trust shall be based upon all relevant facts and circumstances, including the terms of the trust instrument

and any letter of wishes or similar document, historical patterns of trust distributions, and the existence of and functions performed by a trust protector or any similar adviser.

''(B) OTHER DETERMINATIONS.—For purposes of this section—

''(i) CONSTRUCTIVE OWNERSHIP.—If a beneficiary of a trust is a corporation, partnership, trust, or estate, the shareholders, partners, or beneficiaries shall be deemed to be the trust beneficiaries for purposes of this section.

''(ii) TAXPAYER RETURN POSITION.—A taxpayer shall clearly indicate on its income tax return—

''(I) the methodology used to determine that taxpayer's trust interest under this section, and

''(II) if the taxpayer knows (or has reason to know) that any other beneficiary of such trust is using a different methodology to determine such beneficiary's trust interest under this section.

''(g) TERMINATION OF DEFERRALS, ETC.—In the case of any covered expatriate, notwithstanding any other provision of this title—

''(1) any period during which recognition of income or gain is deferred shall terminate on the day before the expatriation date, and

''(2) any extension of time for payment of tax shall cease to apply on the day before the expatriation date and the unpaid portion of such tax shall be due and payable at the time and in the manner prescribed by the Secretary.

''(h) IMPOSITION OF TENTATIVE TAX.—

''(1) IN GENERAL.—If an individual is required to include any amount in gross income under subsection (a) for any taxable year, there is hereby imposed, immediately before the expatriation date, a tax in an amount equal to the amount of tax which would be imposed if the taxable year were a short taxable year ending on the expatriation date.

''(2) DUE DATE.—The due date for any tax imposed by paragraph (1) shall be the 90th day after the expatriation date.

''(3) TREATMENT OF TAX.—Any tax paid under paragraph (1) shall be treated as a payment of the tax imposed by this chapter for the taxable year to which subsection (a) applies.

''(4) DEFERRAL OF TAX.—The provisions of subsection (b) shall apply to the tax imposed by this subsection to the extent attributable to gain includible in gross income by reason of this section.

''(i) SPECIAL LIENS FOR DEFERRED TAX AMOUNTS.—

''(1) IMPOSITION OF LIEN.—

''(A) IN GENERAL.—If a covered expatriate makes an election under subsection (a)(4) or (b) which results in the deferral of any tax imposed by reason of subsection (a), the deferred amount (including any interest, additional amount, addition to tax, assessable penalty, and costs attributable to the deferred amount) shall be a lien in favor of the United States on all property of the expatriate located in the United States (without regard to whether this section applies to the property).

''(B) DEFERRED AMOUNT.—For purposes of this subsection, the deferred amount is the amount of the increase in the covered expatriate's income tax which, but for the election under subsection (a)(4) or (b), would have occurred by reason of this section for the taxable year including the expatriation date.

''(2) PERIOD OF LIEN.—The lien imposed by this subsection shall arise on the expatriation date and continue until—

''(A) the liability for tax by reason of this section is satisfied or has become unenforceable by reason of lapse of time, or

''(B) it is established to the satisfaction of the Secretary that no further tax liability may arise by reason of this section.

''(3) CERTAIN RULES APPLY.—The rules set forth in paragraphs (1), (3), and (4) of section 6324A(d) shall apply with respect to the lien imposed by this subsection as if it were a lien imposed by section 6324A.

''(j) REGULATIONS.—The Secretary shall prescribe such regulations as may be necessary or appropriate to carry out the purposes of this section.''.

(b) INCLUSION IN INCOME OF GIFTS AND BEQUESTS RECEIVED BY UNITED STATES CITIZENS AND RESIDENTS FROM EXPATRIATES.—Section 102 (relating to gifts, etc. not included in gross income) is amended by adding at the end the following new subsection:

''(d) GIFTS AND INHERITANCES FROM COVERED EXPATRIATES.—

''(1) IN GENERAL.—Subsection (a) shall not exclude from gross income the value of any property acquired by gift, bequest, devise, or inheritance from a covered expatriate after the expatriation date. For purposes of this subsection, any term used in this subsection which is also used in section 877A shall have the same meaning as when used in section 877A.

''(2) EXCEPTIONS FOR TRANSFERS OTHERWISE SUBJECT TO ESTATE OR GIFT TAX.—Paragraph (1) shall not apply to any property if either—

''(A) the gift, bequest, devise, or inheritance is—

''(i) shown on a timely filed return of tax imposed by chapter 12 as a taxable gift by the covered expatriate, or

''(ii) included in the gross estate of the covered expatriate for purposes of chapter 11 and shown on a timely filed return of tax imposed by chapter 11 of the estate of the covered expatriate, or

''(B) no such return was timely filed but no such return would have been required to be filed even if the covered expatriate were a citizen or long-term resident of the United States.''.

(c) DEFINITION OF TERMINATION OF UNITED STATES CITIZENSHIP.—Section 7701(a) is amended by adding at the end the following new paragraph:

''(49) TERMINATION OF UNITED STATES CITIZENSHIP.—

''(A) IN GENERAL.—An individual shall not cease to be treated as a United States citizen before the date on which the individual's citizenship is treated as relinquished under section 877A(e)(3).

''(B) DUAL CITIZENS.—Under regulations prescribed by the Secretary, subparagraph (A) shall not apply to an individual who became at birth a citizen of the United States and a citizen of another country.''.

(d) INELIGIBILITY FOR VISA OR ADMISSION TO UNITED STATES.—

(1) IN GENERAL.—Section 212(a)(10)(E) of the Immigration and Nationality Act (8 U.S.C. 1182(a)(10)(E)) is amended to read as follows:

''(E) FORMER CITIZENS NOT IN COMPLIANCE WITH EXPATRIATION REVENUE PROVISIONS.—Any alien who is a former citizen of the United States who relinquishes United States citizenship (within the meaning of section 877A(e)(3) of the Internal Revenue Code of 1986) and who is not in compliance with section 877A of such Code (relating to expatriation).''.

(2) AVAILABILITY OF INFORMATION.—

(A) IN GENERAL.—Section 6103(l) (relating to disclosure of returns and return information for purposes other than tax administration) is amended by adding at the end the following new paragraph:

''(21) DISCLOSURE TO DENY VISA OR ADMISSION TO CERTAIN EXPATRIATES.—Upon written request of the Attorney General or the Attorney General's delegate, the Secretary shall disclose whether an individual is in compliance with section 877A (and if not in compliance, any items of noncompliance) to officers and employees of the Federal agency responsible for administering section 212(a)(10)(E) of the Immigration and Nationality Act solely for the purpose of, and to the extent necessary in, administering such section 212(a)(10)(E).''.

(B) SAFEGUARDS.—Section 6103(p)(4) (relating to safeguards) is amended by striking ''or (20)'' each place it appears and inserting ''(20), or (21)''.

(3) EFFECTIVE DATES.—The amendments made by this subsection shall apply to individuals who relinquish United States citizenship on or after the date of the enactment of this Act.

(e) CONFORMING AMENDMENTS.—

(1) Section 877 is amended by adding at the end the following new subsection:

''(h) APPLICATION.—This section shall not apply to an expatriate (as defined in section 877A(e)) whose expatriation date (as so defined) occurs on or after the date of the enactment of the Safe, Accountable, Flexible, and Efficient Transportation Equity Act of 2005.''.

(2) Section 2107 is amended by adding at the end the following new subsection:

''(f) APPLICATION.—This section shall not apply to any expatriate subject to section 877A.''.

(3) Section 2501(a)(3) is amended by adding at the end the following new subparagraph:

''(C) APPLICATION.—This paragraph shall not apply to any expatriate subject to section 877A.''.

(f) CLERICAL AMENDMENT.—The table of sections for subpart A of part II of subchapter N of chapter 1 is amended by inserting after the item relating to section 877 the following new item:

''Sec. 877A. Tax responsibilities of expatriation.''.

(g) EFFECTIVE DATE.—

(1) IN GENERAL.—Except as provided in this subsection, the amendments made by this section shall apply to expatriates (within the meaning of section 877A(e) of the Internal Revenue Code of 1986, as added by this section) whose expatriation date (as so defined) occurs on or after the date of the enactment of this Act.

(2) GIFTS AND BEQUESTS.—Section 102(d) of the Internal Revenue Code of 1986 (as added by subsection (b)) shall apply to gifts and bequests received on or after the date of the enactment of this Act, from an individual or the estate of an individual whose expatriation date (as so defined) occurs after such date.

(3) DUE DATE FOR TENTATIVE TAX.—The due date under section 877A(h)(2) of the Internal Revenue Code of 1986, as added by this section, shall in no event occur before the 90th day after the date of the enactment of this Act.

**SEC. 1723. DISALLOWANCE OF DEDUCTION FOR PUNITIVE DAMAGES.**

(a) DISALLOWANCE OF DEDUCTION.—

(1) IN GENERAL.—Section 162(g) (relating to treble damage payments under the antitrust laws) is amended—

(A) by redesignating paragraphs (1) and (2) as subparagraphs (A) and (B), respectively,

(B) by striking ''If'' and inserting:

''(1) TREBLE DAMAGES.—If'', and

(C) by adding at the end the following new paragraph:

''(2) PUNITIVE DAMAGES.—No deduction shall be allowed under this chapter for any amount paid or incurred for punitive damages in connection with any judgment in, or settlement of, any action. This paragraph shall not apply to punitive damages described in section 104(c).''.

(2) CONFORMING AMENDMENT.—The heading for section 162(g) is amended by inserting ''OR PUNITIVE DAMAGES'' after ''LAWS''.

(b) INCLUSION IN INCOME OF PUNITIVE DAMAGES PAID BY INSURER OR OTHERWISE.—

(1) IN GENERAL.—Part II of subchapter B of chapter 1 (relating to items specifically included in gross income) is amended by adding at the end the following new section:

**''SEC. 91. PUNITIVE DAMAGES COMPENSATED BY INSURANCE OR OTHERWISE.**

''Gross income shall include any amount paid to or on behalf of a taxpayer as insurance or otherwise by reason of the taxpayer's liability (or agreement) to pay punitive damages.''.

(2) REPORTING REQUIREMENTS.—Section 6041 (relating to information at source) is amended by adding at the end the following new subsection:

''(f) SECTION TO APPLY TO PUNITIVE DAMAGES COMPENSATION.—This section shall apply to payments by a person to or on behalf of another person as insurance or otherwise by reason of the other person's liability (or agreement) to pay punitive damages.''.

(3) CONFORMING AMENDMENT.—The table of sections for part II of subchapter B of chapter 1 is amended by adding at the end the following new item:

''Sec. 91. Punitive damages compensated by insurance or otherwise.''.

(c) EFFECTIVE DATE.—The amendments made by this section shall apply to damages paid or incurred on or after the date of the enactment of this Act.

**SEC. 1724. APPLICATION OF EARNINGS STRIPPING RULES TO PARTNERS WHICH ARE C CORPORATIONS.**

(a) IN GENERAL.—Section 163(j) (relating to limitation on deduction for interest on certain indebtedness) is amended by redesignating paragraph (8) as paragraph (9) and by inserting after paragraph (7) the following new paragraph:

''(8) ALLOCATIONS TO CERTAIN CORPORATE PARTNERS.—If a C corporation is a partner in a partnership—

''(A) the corporation's allocable share of indebtedness and interest income of the partnership shall be taken into account in applying this subsection to the corporation, and

''(B) if a deduction is not disallowed under this subsection with respect to any interest expense of the partnership, this subsection shall be applied separately in determining whether a deduction is allowable to the corporation with respect to the corporation's allocable share of such interest expense.''.

(b) EFFECTIVE DATE.—The amendments made by this section shall apply to taxable years beginning on or after the date of the enactment of this Act.

**SEC. 1725. PROHIBITION ON DEFERRAL OF GAIN FROM THE EXERCISE OF STOCK OPTIONS AND RESTRICTED STOCK GAINS THROUGH DEFERRED COMPENSATION ARRANGEMENTS.**

(a) IN GENERAL.—Section 83 (relating to property transferred in connection with performance of services) is amending by adding at the end the following new subsection:

''(i) PROHIBITION ON ADDITIONAL DEFERRAL THROUGH DEFERRED COMPENSATION ARRANGEMENTS.—If a taxpayer exchanges—

''(1) an option to purchase employer securities—

''(A) to which subsection (a) applies, or

''(B) which is described in subsection (e)(3), or

''(2) employer securities or any other property based on employer securities transferred to the taxpayer,

for a right to receive future payments, then, notwithstanding any other provision of this title, there shall be included in gross income for the taxable year of the exchange an amount equal to the present value of such right (or such other amount as the Secretary may by regulations specify). For purposes of this subsection, the term 'employer securities' includes any security issued by the employer.''.

(b) CONTROLLED GROUP RULES.—Section 414(t)(2) is amended by inserting ''83(i),'' after ''79,''.

(c) EFFECTIVE DATE.—The amendments made by this section shall apply to any exchange after the date of the enactment of this Act.

**SEC. 1726. LIMITATION OF EMPLOYER DEDUCTION FOR CERTAIN ENTERTAINMENT EXPENSES.**

(a) IN GENERAL.—Paragraph (2) of section 274(e) (relating to expenses treated as compensation) is amended to read as follows:

''(2) EXPENSES TREATED AS COMPENSATION.—Expenses for goods, services, and facilities, to the extent that the expenses do not exceed the amount of the expenses which are treated by the taxpayer, with respect to the recipient of the entertainment, amusement, or recreation, as compensation to an employee on the taxpayer's return of tax under this chapter and as wages to such employee for purposes of chapter 24 (relating to withholding of income tax at source on wages).''.

(b) PERSONS NOT EMPLOYEES.—Paragraph (9) of section 274(e) is amended by striking ''to the extent that the expenses are includible in the gross income'' and inserting ''to the extent that the expenses do not exceed the amount of the expenses which are includible in the gross income''.

(c) EFFECTIVE DATE.—The amendment made by this section shall apply to expenses incurred after the date of the enactment of this Act.

**SEC. 1727. INCREASE IN PENALTY FOR BAD CHECKS AND MONEY ORDERS.**

(a) IN GENERAL.—Section 6657 (relating to bad checks) is amended—

(1) by striking ''$750'' and inserting ''$1,250'', and

(2) by striking ''$15'' and inserting ''$25''.

(b) EFFECTIVE DATE.—The amendments made by this section apply to checks or money orders received after the date of the enactment of this Act.

**SEC. 1728. ELIMINATION OF DOUBLE DEDUCTION ON MINING EXPLORATION AND DEVELOPMENT COSTS UNDER THE MINIMUM TAX.**

(a) IN GENERAL.—Section 57(a)(1) (relating to depletion) is amended by striking ''for the taxable year)'' and inserting ''for the taxable year and determined without regard to so much of the basis as is attributable to mining exploration and development costs described in section 616 or 617 for which a deduction is allowable for any taxable year under this part).''.

(b) EFFECTIVE DATE.—The amendment made by this section shall apply to taxable years beginning after the date of the enactment this Act.

## PART III—IMPROVEMENTS IN EFFICIENCY AND SAFEGUARDS IN INTERNAL REVENUE SERVICE COLLECTION

**SEC. 1731. WAIVER OF USER FEE FOR INSTALLMENT AGREEMENTS USING AUTOMATED WITHDRAWALS.**

(a) IN GENERAL.—Section 6159 (relating to agreements for payment of tax liability in installments) is amended by redesignating subsection (e) as subsection (f) and by inserting after subsection (d) the following:

''(e) WAIVER OF USER FEES FOR INSTALLMENT AGREEMENTS USING AUTOMATED WITHDRAWALS.—In the case of a taxpayer who enters into an installment agreement in which automated installment payments are agreed to, the Secretary shall waive the fee (if any) for entering into the installment agreement.''.

(b) EFFECTIVE DATE.—The amendments made by this section shall apply to agreements entered into on or after the date which is 180 days after the date of the enactment of this Act.

**SEC. 1732. TERMINATION OF INSTALLMENT AGREEMENTS.**

(a) IN GENERAL.—Section 6159(b)(4) (relating to failure to pay an installment or any other tax liability when due or to provide requested financial information) is amended by striking ''or'' at the end of subparagraph (B), by redesignating subparagraph (C) as subparagraph (E), and by inserting after subparagraph (B) the following:

''(C) to make a Federal tax deposit under section 6302 at the time such deposit is required to be made,

''(D) to file a return of tax imposed under this title by its due date (including extensions), or''.

(b) CONFORMING AMENDMENT.—The heading for section 6159(b)(4) is amended by striking ''FAILURE TO PAY AN INSTALLMENT OR ANY OTHER TAX LIABILITY WHEN DUE OR TO PROVIDE REQUESTED FINANCIAL INFORMATION'' and inserting ''FAILURE TO MAKE PAYMENTS OR DEPOSITS OR FILE RETURNS WHEN DUE OR TO PROVIDE REQUESTED FINANCIAL INFORMATION''.

(c) EFFECTIVE DATE.—The amendments made by this section shall apply to failures occurring on or after the date of the enactment of this Act.

**SEC. 1733. OFFICE OF CHIEF COUNSEL REVIEW OF OFFERS-IN-COMPROMISE.**

(a) IN GENERAL.—Section 7122(b) (relating to record) is amended by striking ''Whenever a compromise'' and all that follows through ''his delegate'' and inserting ''If the Secretary determines that an opinion of the General Counsel for the Department of the Treasury, or the Counsel's delegate, is required with respect to a compromise, there shall be placed on file in the office of the Secretary such opinion''.

(b) CONFORMING AMENDMENTS.—Section 7122(b) is amended by striking the second and third sentences.

(c) EFFECTIVE DATE.—The amendments made by this section shall apply to offers-in-compromise submitted or pending on or after the date of the enactment of this Act.

**SEC. 1734. PARTIAL PAYMENTS REQUIRED WITH SUBMISSION OF OFFERS-IN-COMPROMISE.**

(a) IN GENERAL.—Section 7122 (relating to compromises), as amended by this Act, is amended by redesignating subsections (c), (d), and (e) as subsections (d), (e), and (f), respectively, and by inserting after subsection (b) the following new subsection:

''(c) RULES FOR SUBMISSION OF OFFERS-IN-COMPROMISE.—

''(1) PARTIAL PAYMENT REQUIRED WITH SUBMISSION.—

''(A) LUMP-SUM OFFERS.—

''(i) IN GENERAL.—The submission of any lump-sum offer-in-compromise shall be accompanied by the payment of 20 percent of amount of such offer.

''(ii) LUMP-SUM OFFER-IN-COMPROMISE.—For purposes of this section, the term 'lump-sum offer-in-compromise' means any offer of payments made in 5 or fewer installments.

''(B) PERIODIC PAYMENT OFFERS.—The submission of any periodic payment offer-in-compromise shall be accompanied by the payment of the amount of the first proposed installment and each proposed installment due during the period such offer is being evaluated for acceptance and has not been rejected by the Secretary. Any failure to make a payment required under the preceding sentence shall be deemed a withdrawal of the offer-in-compromise.

''(2) RULES OF APPLICATION.—

''(A) USE OF PAYMENT.—The application of any payment made under this subsection to

the assessed tax or other amounts imposed under this title with respect to such tax may be specified by the taxpayer.

''(B) NO USER FEE IMPOSED.—Any user fee which would otherwise be imposed under this section shall not be imposed on any offer-in-compromise accompanied by a payment required under this subsection.''.

(b) ADDITIONAL RULES RELATING TO TREATMENT OF OFFERS.—

(1) UNPROCESSABLE OFFER IF PAYMENT REQUIREMENTS ARE NOT MET.—Paragraph (3) of section 7122(d) (relating to standards for evaluation of offers), as redesignated by subsection (a), is amended by striking ''; and'' at the end of subparagraph (A) and inserting a comma, 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 offer-in-compromise which does not meet the requirements of subsection (c) shall be returned to the taxpayer as unprocessable.''.

(2) DEEMED ACCEPTANCE OF OFFER NOT REJECTED WITHIN CERTAIN PERIOD.—Section 7122, as amended by subsection (a), is amended by adding at the end the following new subsection:

''(g) DEEMED ACCEPTANCE OF OFFER NOT REJECTED WITHIN CERTAIN PERIOD.—Any offer-in-compromise submitted under this section shall be deemed to be accepted by the Secretary if such offer is not rejected by the Secretary before the date which is 24 months after the date of the submission of such offer (12 months for offers-in-compromise submitted after the date which is 5 years after the date of the enactment of this subsection). For purposes of the preceding sentence, any period during which any tax liability which is the subject of such offer-in-compromise is in dispute in any judicial proceeding shall not be taken in to account in determining the expiration of the 24-month period (or 12-month period, if applicable).''.

(c) EFFECTIVE DATE.—The amendments made by this section shall apply to offers-in-compromise submitted on and after the date which is 60 days after the date of the enactment of this Act.

**SEC. 1735. JOINT TASK FORCE ON OFFERS-IN-COMPROMISE.**

(a) IN GENERAL.—The Secretary of the Treasury shall establish a joint task force—

(1) to review the Internal Revenue Service's determinations with respect to offers-in-compromise, including offers which raise equitable, public policy, or economic hardship grounds for compromise of a tax liability under section 7122 of the Internal Revenue Code of 1986,

(2) to review the extent to which the Internal Revenue Service has used its authority to resolve longstanding cases by forgoing penalties and interest which have accumulated as a result of delay in determining the taxpayer's liability,

(3) to provide recommendations as to whether the Internal Revenue Service's evaluation of offers-in-compromise should include—

(A) the taxpayer's compliance history,

(B) errors by the Internal Revenue Service with respect to the underlying tax, and

(C) wrongful acts by a third party which gave rise to the liability, and

(4) to annually report to the Committee on Finance of the Senate and the Committee on Ways and Means of the House of Representatives (beginning in 2006) regarding such review and recommendations.

(b) MEMBERS OF JOINT TASK FORCE.—The membership of the joint task force under subsection (a) shall consist of 1 representative each from the Department of the Treasury, the Internal Revenue Service Oversight Board, the Office of the Chief Counsel for the Internal Revenue Service, the Office of the Taxpayer Advocate, the Office of Appeals, and the division of the Internal Revenue Service charged with operating the offer-in-compromise program.

(c) REPORT OF NATIONAL TAXPAYER ADVOCATE.—

(1) IN GENERAL.—Clause (ii) of section 7803(c)(2)(B) (relating to annual reports) is amended by striking ''and'' at the end of subclause (X), by redesignating subclause (XI) as subclause (XII), and by inserting after subclause (X) the following new subclause:

''(XI) include a list of the factors taxpayers have raised to support their claims for offers-in-compromise relief, the number of such offers submitted, accepted, and rejected, the number of such offers appealed, the period during which review of such offers have remained pending, and the efforts the Internal Revenue Service has made to correctly identify such offers, including the training of employees in identifying and evaluating such offers.''.

(2) EFFECTIVE DATE.—The amendment made by paragraph (1) shall apply to reports in calendar year 2006 and thereafter.

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**SA 929.** Mr. LEVIN (for himself and Mr. BAYH) submitted an amendment intended to be proposed by him to the bill H.R. 6, to ensure jobs for our future with secure, affordable, and reliable energy; which was ordered to lie on the table; as follows:

At the end add the following:

**TITLE XVII—TAX INCENTIVES FOR ALTERNATIVE MOTOR VEHICLES AND FUELS**

**SEC. 1700. AMENDMENT OF 1986 CODE.**

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 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.

**Subtitle A—Tax Incentives**

**SEC. 1701. ALTERNATIVE MOTOR VEHICLE CREDIT.**

(a) IN GENERAL.—Subpart B of part IV of subchapter A of chapter 1 (relating to foreign tax credit, etc.) is amended by adding at the end the following:

**''SEC. 30B. ALTERNATIVE MOTOR VEHICLE CREDIT.**

''(a) ALLOWANCE OF CREDIT.—There shall be allowed as a credit against the tax imposed by this chapter for the taxable year an amount equal to the sum of—

''(1) the new qualified fuel cell motor vehicle credit determined under subsection (b),

''(2) the new advanced lean burn technology motor vehicle credit determined under subsection (c),

''(3) the new qualified hybrid motor vehicle credit determined under subsection (d), and

''(4) the new qualified alternative fuel motor vehicle credit determined under subsection (e).

''(b) NEW QUALIFIED FUEL CELL MOTOR VEHICLE CREDIT.—

''(1) IN GENERAL.—For purposes of subsection (a), the new qualified fuel cell motor vehicle credit determined under this subsection with respect to a new qualified fuel cell motor vehicle placed in service by the taxpayer during the taxable year is—

''(A) $8,000 if such vehicle has a gross vehicle weight rating of not more than 8,500 pounds,

''(B) $10,000, if such vehicle has a gross vehicle weight rating of more than 8,500 pounds but not more than 14,000 pounds,

''(C) $20,000, if such vehicle has a gross vehicle weight rating of more than 14,000 pounds but not more than 26,000 pounds, and

''(D) $40,000, if such vehicle has a gross vehicle weight rating of more than 26,000 pounds.

''(2) INCREASE FOR FUEL EFFICIENCY.—

''(A) IN GENERAL.—The amount determined under paragraph (1)(A) with respect to a new qualified fuel cell motor vehicle which is a passenger automobile or light truck shall be increased by—

''(i) $1,000, if such vehicle achieves at least 150 percent but less than 175 percent of the 2002 model year city fuel economy,

''(ii) $1,500, if such vehicle achieves at least 175 percent but less than 200 percent of the 2002 model year city fuel economy,

''(iii) $2,000, if such vehicle achieves at least 200 percent but less than 225 percent of the 2002 model year city fuel economy,

''(iv) $2,500, if such vehicle achieves at least 225 percent but less than 250 percent of the 2002 model year city fuel economy,

''(v) $3,000, if such vehicle achieves at least 250 percent but less than 275 percent of the 2002 model year city fuel economy,

''(vi) $3,500, if such vehicle achieves at least 275 percent but less than 300 percent of the 2002 model year city fuel economy, and

''(vii) $4,000, if such vehicle achieves at least 300 percent of the 2002 model year city fuel economy.

''(B) 2002 MODEL YEAR CITY FUEL ECONOMY.—For purposes of subparagraph (A), the 2002 model year city fuel economy with respect to a vehicle shall be determined in accordance with the following tables:

''(i) In the case of a passenger automobile:

| **''If vehicle inertia weight class is:** | **The 2002 model year city fuel economy is:** |
|---|---|
| 1,500 or 1,750 lbs | 45.2 mpg |
| 2,000 lbs | 39.6 mpg |
| 2,250 lbs | 35.2 mpg |
| 2,500 lbs | 31.7 mpg |
| 2,750 lbs | 28.8 mpg |
| 3,000 lbs | 26.4 mpg |
| 3,500 lbs | 22.6 mpg |
| 4,000 lbs | 19.8 mpg |
| 4,500 lbs | 17.6 mpg |
| 5,000 lbs | 15.9 mpg |
| 5,500 lbs | 14.4 mpg |
| 6,000 lbs | 13.2 mpg |
| 6,500 lbs | 12.2 mpg |
| 7,000 to 8,500 lbs | 11.3 mpg. |

''(ii) In the case of a light truck:

| **''If vehicle inertia weight class is:** | **The 2002 model year city fuel economy is:** |
|---|---|
| 1,500 or 1,750 lbs | 39.4 mpg |
| 2,000 lbs | 35.2 mpg |
| 2,250 lbs | 31.8 mpg |
| 2,500 lbs | 29.0 mpg |
| 2,750 lbs | 26.8 mpg |
| 3,000 lbs | 24.9 mpg |
| 3,500 lbs | 21.8 mpg |
| 4,000 lbs | 19.4 mpg |
| 4,500 lbs | 17.6 mpg |
| 5,000 lbs | 16.1 mpg |
| 5,500 lbs | 14.8 mpg |
| 6,000 lbs | 13.7 mpg |
| 6,500 lbs | 12.8 mpg |
| 7,000 to 8,500 lbs | 12.1 mpg. |

''(C) VEHICLE INERTIA WEIGHT CLASS.—For purposes of subparagraph (B), the term 'vehicle insertia weight class' has the same meaning as when defined in regulations prescribed by the Administrator of the Environmental Protection Agency for purposes of the administration of title II of the Clean Air Act (42 U.S.C. 7521 et seq.).

''(3) NEW QUALIFIED FUEL CELL MOTOR VEHICLE.—For purposes of this subsection, the term 'new qualified fuel cell motor vehicle' means a motor vehicle—

''(A) which is propelled by power derived from 1 or more cells which convert chemical energy directly into electricity by combining oxygen with hydrogen fuel which is

stored on board the vehicle in any form and may or may not require reformation prior to use,

''(B) which, in the case of a passenger automobile or light truck, has received on or after the date of the enactment of this section a certificate that such vehicle meets or exceeds the Bin 5 Tier II emission level established in regulations prescribed by the Administrator of the Environmental Protection Agency under section 202(i) of the Clean Air Act for that make and model year vehicle,

''(C) the original use of which commences with the taxpayer,

''(D) which is acquired for use or lease by the taxpayer and not for resale, and

''(E) which is made by a manufacturer.

''(c) NEW ADVANCED LEAN BURN TECHNOLOGY MOTOR VEHICLE CREDIT.—

''(1) IN GENERAL.—For purposes of subsection (a), the new advanced lean burn technology motor vehicle credit determined under this subsection with respect to a new advanced lean burn technology motor vehicle placed in service by the taxpayer during the taxable year is the credit amount determined under paragraph (2).

''(2) CREDIT AMOUNT.—

''(A) FUEL ECONOMY.—

''(i) IN GENERAL.—The credit amount determined under this paragraph shall be determined in accordance with the following table:

| **''In the case of a vehicle which achieves a fuel economy (expressed as a percentage of the 2002 model year city fuel economy) of—** | **The credit amount is—** |
|---|---|
| At least 125 percent but less than 150 percent | $600 |
| At least 150 percent but less than 175 percent | $1,100 |
| At least 175 percent but less than 200 percent | $1,600 |
| At least 200 percent but less than 225 percent | $2,100 |
| At least 225 percent but less than 250 percent | $2,600 |
| At least 250 percent | $3,100. |

''(ii) 2002 MODEL YEAR CITY FUEL ECONOMY.—For purposes of clause (i), the 2002 model year city fuel economy with respect to a vehicle shall be determined on a gasoline gallon equivalent basis as determined by the Administrator of the Environmental Protection Agency using the tables provided in subsection (b)(2)(B) with respect to such vehicle.

''(B) CONSERVATION CREDIT.—The amount determined under subparagraph (A) with respect to a new advanced lean burn technology motor vehicle shall be increased by the conservation credit amount determined in accordance with the following table:

| **''In the case of a vehicle which achieves a lifetime fuel savings (expressed in gallons of gasoline) of—** | **The conservation credit amountis—** |
|---|---|
| At least 1,200 but less than 1,800 | $700 |
| At least 1,800 but less than 2,400 | $1,200 |
| At least 2,400 but less than 3,000 | $1,700 |
| At least 3,000 | $2,200. |

''(C) OPTION TO USE LIKE VEHICLE.—At the option of the vehicle manufacturer, the increase for fuel efficiency and conservation credit may be calculated by comparing the new qualified advanced lean burn technology motor vehicle to a like vehicle.

''(3) NEW ADVANCED LEAN BURN TECHNOLOGY MOTOR VEHICLE.—For purposes of this subsection, the term 'new advanced lean burn technology motor vehicle' means a passenger automobile or a light truck—

''(A) with an internal combustion engine which—

''(i) is designed to operate primarily using more air than is necessary for complete combustion of the fuel,

''(ii) incorporates direct injection,

''(iii) achieves at least 125 percent of the 2002 model year city fuel economy,

''(iv) for 2004 and later model vehicles, has received a certificate that such vehicle meets or exceeds—

''(I) in the case of a vehicle having a gross vehicle weight rating of 6,000 pounds or less, the Bin 5 Tier II emission standard established in regulations prescribed by the Administrator of the Environmental Protection Agency under section 202(i) of the Clean Air Act for that make and model year vehicle, and

''(II) in the case of a vehicle having a gross vehicle weight rating of more than 6,000 pounds but not more than 8,500 pounds, the Bin 8 Tier II emission standard which is so established.

''(B) the original use of which commences with the taxpayer,

''(C) which is acquired for use or lease by the taxpayer and not for resale, and

''(D) which is made by a manufacturer.

''(4) LIKE VEHICLE.—The term 'like vehicle' for a new qualified advanced lean burn technology motor vehicle derived from a conventional production vehicle produced in the same model year means a model that is equivalent in the following areas:

''(A) Body style (2-door or 4-door),

''(B) Transmission (automatic or manual),

''(C) Acceleration performance (± 0.05 seconds).

''(D) Drivetrain (2-wheel drive or 4-wheel drive).

''(E) Certification by the Administrator of the Environmental Protection Agency.

''(5) LIFETIME FUEL SAVINGS.—For purposes of this subsection, the term 'lifetime fuel savings' means, in the case of any new advanced lean burn technology motor vehicle, an amount equal to the excess (if any) of—

''(A) 120,000 divided by the 2002 model year city fuel economy for the vehicle inertia weight class, over

''(B) 120,000 divided by the city fuel economy for such vehicle.

''(d) NEW QUALIFIED HYBRID MOTOR VEHICLE CREDIT.—

''(1) IN GENERAL.—For purposes of subsection (a), the new qualified hybrid motor vehicle credit determined under this subsection with respect to a new qualified hybrid motor vehicle placed in service by the taxpayer during the taxable year is the credit amount determined under paragraph (2) or (3).

''(2) CREDIT AMOUNT FOR LIGHTER VEHICLES.—In the case of a new qualified hybrid motor vehicle which is a passenger automobile, medium duty passenger vehicle, or light truck, the credit amount determined under this paragraph is equal to the sum of following amounts:

''(A) FUEL ECONOMY.—The amount which would be determined under subsection (c)(2)(A) if such vehicle were a vehicle referred to in such subsection.

''(B) CONSERVATION CREDIT.—The amount which would be determined under subsection (c)(2)(B) if such vehicle were a vehicle referred to in such subsection.

''(iii) OPTION TO USE LIKE VEHICLE.—For purposes of clause (i), at the option of the vehicle manufacturer, the increase for fuel efficiency and conservation credit may be calculated by comparing the new qualified hybrid motor vehicle to a like vehicle (as defined in subsection (c)(4)).

''(3) CREDIT AMOUNT FOR HEAVIER VEHICLES.—

''(A) IN GENERAL.—In the case of a new qualified hybrid motor vehicle which is a heavy duty hybrid motor vehicle, the credit amount determined under this paragraph is an amount equal to the applicable percentage of the incremental cost of such vehicle placed in service by the taxpayer during the taxable year.

''(B) INCREMENTAL COST.—For purposes of this paragraph, the incremental cost of any heavy duty hybrid motor vehicle is equal to the amount of the excess of the manufacturer's suggested retail price for such vehicle over such price for a comparable gasoline or diesel fuel motor vehicle of the same model, to the extent such amount does not exceed—

''(i) $7,500, if such vehicle has a gross vehicle weight rating of more than 8,500 pounds but not more than 14,000 pounds,

''(ii) $15,000, if such vehicle has a gross vehicle weight rating of more than 14,000 pounds but not more than 26,000 pounds, and

''(iii) $30,000, if such vehicle has a gross vehicle weight rating of more than 26,000 pounds.

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

| **''If percent increase in fuel economy of hybrid over comparable vehicle is:** | **The applicable percentage is:** |
|---|---|
| At least 30 but less than 40 percent | 20 percent. |
| At least 40 but less than 50 percent | 30 percent. |
| At least 50 percent | 40 percent. |

''(4) NEW QUALIFIED HYBRID MOTOR VEHICLE.—For purposes of this subsection—

''(A) IN GENERAL.—The term 'new qualified hybrid motor vehicle' means a motor vehicle—

''(i) which draws propulsion energy from onboard sources of stored energy which are both—

''(I) an internal combustion or heat engine using consumable fuel, and

''(II) a rechargeable energy storage system,

''(ii) which, in the case of a passenger automobile, medium duty passenger vehicle, or light truck—

''(I) having a gross vehicle weight rating of 6,000 pounds or less, has received a certificate that such vehicle meets or exceeds the Bin 5 Tier II emission level established in regulations prescribed by the Administrator of the Environmental Protection Agency under section 202(i) of the Clean Air Act for that make and model year vehicle,

''(II) having a gross vehicle weight rating of more than 6,000 pounds but not more than 8,500 pounds, has received a certificate that such vehicle meets or exceeds the Bin 8 Tier II emission standard which is so established,

''(III) has received a certificate of conformity under the Clean Air Act and meets or exceeds the equivalent qualifying California low emission vehicle standard under section 243(e)(2) of the Clean Air Act for that make and model year, and

''(IV) has a maximum available power of at least 5 percent,

''(iii) which, in the case of a heavy duty hybrid motor vehicle—

''(I) having a gross vehicle weight rating of more than 8,500 but not more than 14,000 pounds, has a maximum available power of at least 10 percent, and

''(II) having a gross vehicle weight rating of more than 14,000 pounds, has a maximum available power of at least 15 percent,

''(iv) the original use of which commences with the taxpayer,

''(v) which is acquired for use or lease by the taxpayer and not for resale, and

''(vi) which is made by a manufacturer.

''(B) CONSUMABLE FUEL.—For purposes of subparagraph (A)(i)(I), the term 'consumable

fuel' means any solid, liquid, or gaseous matter which releases energy when consumed by an auxiliary power unit.

''(C) MAXIMUM AVAILABLE POWER.—

''(i) PASSENGER AUTOMOBILE, MEDIUM DUTY PASSENGER VEHICLE, OR LIGHT TRUCK.—For purposes of subparagraph (A)(ii)(II), the term 'maximum available power' means the maximum power available from the rechargeable energy storage system, during a standard 10 second pulse power or equivalent test, divided by such maximum power and the SAE net power of the heat engine.

''(ii) HEAVY DUTY HYBRID MOTOR VEHICLE.—For purposes of subparagraph (A)(iii), the term 'maximum available power' means the maximum power available from the rechargeable energy storage system, during a standard 10 second pulse power or equivalent test, divided by the vehicle's total traction power. The term 'total traction power' means the sum of the peak power from the rechargeable energy storage system and the heat engine peak power of the vehicle, except that if such storage system is the sole means by which the vehicle can be driven, the total traction power is the peak power of such storage system.

''(4) HEAVY DUTY HYBRID MOTOR VEHICLE.—For purposes of this subsection, the term 'heavy duty hybrid motor vehicle' means a new qualified hybrid motor vehicle which has a gross vehicle weight rating of more than 8,500 pounds. Such term does not include a medium duty passenger vehicle.

''(e) NEW QUALIFIED ALTERNATIVE FUEL MOTOR VEHICLE CREDIT.—

''(1) ALLOWANCE OF CREDIT.—Except as provided in paragraph (5), the new qualified alternative fuel motor vehicle credit determined under this subsection is an amount equal to the applicable percentage of the incremental cost of any new qualified alternative fuel motor vehicle placed in service by the taxpayer during the taxable year.

''(2) APPLICABLE PERCENTAGE.—For purposes of paragraph (1), the applicable percentage with respect to any new qualified alternative fuel motor vehicle is—

''(A) 50 percent, plus

''(B) 30 percent, if such vehicle—

''(i) has received a certificate of conformity under the Clean Air Act and meets or exceeds the most stringent standard available for certification under the Clean Air Act for that make and model year vehicle (other than a zero emission standard), or

''(ii) has received an order certifying the vehicle as meeting the same requirements as vehicles which may be sold or leased in California and meets or exceeds the most stringent standard available for certification under the State laws of California (enacted in accordance with a waiver granted under section 209(b) of the Clean Air Act) for that make and model year vehicle (other than a zero emission standard).

For purposes of the preceding sentence, in the case of any new qualified alternative fuel motor vehicle which weighs more than 14,000 pounds gross vehicle weight rating, the most stringent standard available shall be such standard available for certification on the date of the enactment of the Energy Tax Incentives Act.

''(3) INCREMENTAL COST.—For purposes of this subsection, the incremental cost of any new qualified alternative fuel motor vehicle is equal to the amount of the excess of the manufacturer's suggested retail price for such vehicle over such price for a gasoline or diesel fuel motor vehicle of the same model, to the extent such amount does not exceed—

''(A) $5,000, if such vehicle has a gross vehicle weight rating of not more than 8,500 pounds,

''(B) $10,000, if such vehicle has a gross vehicle weight rating of more than 8,500 pounds but not more than 14,000 pounds,

''(C) $25,000, if such vehicle has a gross vehicle weight rating of more than 14,000 pounds but not more than 26,000 pounds, and

''(D) $40,000, if such vehicle has a gross vehicle weight rating of more than 26,000 pounds.

''(4) NEW QUALIFIED ALTERNATIVE FUEL MOTOR VEHICLE.—For purposes of this subsection—

''(A) IN GENERAL.—The term 'new qualified alternative fuel motor vehicle' means any motor vehicle—

''(i) which is only capable of operating on an alternative fuel,

''(ii) the original use of which commences with the taxpayer,

''(iii) which is acquired by the taxpayer for use or lease, but not for resale, and

''(iv) which is made by a manufacturer.

''(B) ALTERNATIVE FUEL.—The term 'alternative fuel' means compressed natural gas, liquefied natural gas, liquefied petroleum gas, hydrogen, and any liquid at least 85 percent of the volume of which consists of methanol.

''(5) CREDIT FOR MIXED-FUEL VEHICLES.—

''(A) IN GENERAL.—In the case of a mixed-fuel vehicle placed in service by the taxpayer during the taxable year, the credit determined under this subsection is an amount equal to—

''(i) in the case of a 75/25 mixed-fuel vehicle, 70 percent of the credit which would have been allowed under this subsection if such vehicle was a qualified alternative fuel motor vehicle, and

''(ii) in the case of a 90/10 mixed-fuel vehicle, 90 percent of the credit which would have been allowed under this subsection if such vehicle was a qualified alternative fuel motor vehicle.

''(B) MIXED-FUEL VEHICLE.—For purposes of this subsection, the term 'mixed-fuel vehicle' means any motor vehicle described in subparagraph (C) or (D) of paragraph (3), which—

''(i) is certified by the manufacturer as being able to perform efficiently in normal operation on a combination of an alternative fuel and a petroleum-based fuel,

''(ii) either—

''(I) has received a certificate of conformity under the Clean Air Act, or

''(II) has received an order certifying the vehicle as meeting the same requirements as vehicles which may be sold or leased in California and meets or exceeds the low emission vehicle standard under section 88.105–94 of title 40, Code of Federal Regulations, for that make and model year vehicle,

''(iii) the original use of which commences with the taxpayer,

''(iv) which is acquired by the taxpayer for use or lease, but not for resale, and

''(v) which is made by a manufacturer.

''(C) 75/25 MIXED-FUEL VEHICLE.—For purposes of this subsection, the term '75/25 mixed-fuel vehicle' means a mixed-fuel vehicle which operates using at least 75 percent alternative fuel and not more than 25 percent petroleum-based fuel.

''(D) 90/10 MIXED-FUEL VEHICLE.—For purposes of this subsection, the term '90/10 mixed-fuel vehicle' means a mixed-fuel vehicle which operates using at least 90 percent alternative fuel and not more than 10 percent petroleum-based fuel.

''(f) LIMITATION ON NUMBER OF NEW QUALIFIED HYBRID AND ADVANCED LEAN-BURN TECHNOLOGY VEHICLES ELIGIBLE FOR CREDIT.—

''(1) IN GENERAL.—In the case of a qualified vehicle sold during the phaseout period, only the applicable percentage of the credit otherwise allowable under subsection (c) or (d) shall be allowed.

''(2) PHASEOUT PERIOD.—For purposes of this subsection, the phaseout period is the period beginning with the second calendar quarter following the calendar quarter which includes the first date on which the number of qualified vehicles manufactured by the manufacturer of the vehicle referred to in paragraph (1) sold for use in the United States after the date of the enactment of this section is at least 80,000.

''(3) APPLICABLE PERCENTAGE.—For purposes of paragraph (1), the applicable percentage is—

''(A) 50 percent for the first 2 calendar quarters of the phaseout period,

''(B) 25 percent for the 3d and 4th calendar quarters of the phaseout period, and

''(C) 0 percent for each calendar quarter thereafter.

''(4) CONTROLLED GROUPS.—

''(A) IN GENERAL.—For purposes of this subsection, all persons treated as a single employer under subsection (a) or (b) of section 52 or subsection (m) or (o) of section 414 shall be treated as a single manufacturer.

''(B) INCLUSION OF FOREIGN CORPORATIONS.—For purposes of subparagraph (A), in applying subsections (a) and (b) of section 52 to this section, section 1563 shall be applied without regard to subsection (b)(2)(C) thereof.

''(5) QUALIFIED VEHICLE.—For purposes of this subsection, the term 'qualified vehicle' means any new qualified hybrid motor vehicle and any new advanced lean burn technology motor vehicle.

''(g) APPLICATION WITH OTHER CREDITS.—The credit allowed under subsection (a) for any taxable year shall not exceed the excess (if any) of—

''(1) the regular tax for the taxable year reduced by the sum of the credits allowable under subpart A and sections 27, 29, and 30, over

''(2) the tentative minimum tax for the taxable year.

''(h) OTHER DEFINITIONS AND SPECIAL RULES.—For purposes of this section—

''(1) MOTOR VEHICLE.—The term 'motor vehicle' has the meaning given such term by section 30(c)(2).

''(2) CITY FUEL ECONOMY.—The city fuel economy with respect to any vehicle shall be measured in a manner which is substantially similar to the manner city fuel economy is measured in accordance with procedures under part 600 of subchapter Q of chapter I of title 40, Code of Federal Regulations, as in effect on the date of the enactment of this section.

''(3) OTHER TERMS.—The terms 'automobile', 'passenger automobile', 'medium duty passenger vehicle', 'light truck', and 'manufacturer' have the meanings given such terms in regulations prescribed by the Administrator of the Environmental Protection Agency for purposes of the administration of title II of the Clean Air Act (42 U.S.C. 7521 et seq.).

''(4) REDUCTION IN BASIS.—For purposes of this subtitle, the basis of any property for which a credit is allowable under subsection (a) shall be reduced by the amount of such credit so allowed (determined without regard to subsection (e)).

''(5) NO DOUBLE BENEFIT.—The amount of any deduction or other credit allowable under this chapter—

''(A) for any incremental cost taken into account in computing the amount of the credit determined under subsection (e) shall be reduced by the amount of such credit attributable to such cost, and

''(B) with respect to a vehicle described under subsection (b), (c), or (d) shall be reduced by the amount of credit allowed under subsection (a) for such vehicle for the taxable year.

''(6) PROPERTY USED BY TAX-EXEMPT ENTITY.—In the case of a vehicle whose use is described in paragraph (3) or (4) of section 50(b) and which is not subject to a lease, the person who sold such vehicle to the person or entity using such vehicle shall be treated as the taxpayer that placed such vehicle in service, but only if such person clearly discloses to such person or entity in a document the amount of any credit allowable under subsection (a) with respect to such vehicle (determined without regard to subsection (g)).

''(7) PROPERTY USED OUTSIDE UNITED STATES, ETC., NOT QUALIFIED.—No credit shall be allowable under subsection (a) with respect to any property referred to in section 50(b)(1) or with respect to the portion of the cost of any property taken into account under section 179.

''(8) RECAPTURE.—The Secretary shall, by regulations, provide for recapturing the benefit of any credit allowable under subsection (a) with respect to any property which ceases to be property eligible for such credit (including recapture in the case of a lease period of less than the economic life of a vehicle).

''(9) ELECTION TO NOT TAKE CREDIT.—No credit shall be allowed under subsection (a) for any vehicle if the taxpayer elects to not have this section apply to such vehicle.

''(10) CARRYBACK AND CARRYFORWARD ALLOWED.—

''(A) IN GENERAL.—If the credit allowable under subsection (a) for a taxable year exceeds the amount of the limitation under subsection (g) for such taxable year (in this paragraph referred to as the 'unused credit year'), such excess shall be a credit carryback to each of the 3 taxable years preceding the unused credit year and a credit carryforward to each of the 20 taxable years following the unused credit year, except that no excess may be carried to a taxable year beginning before the date of the enactment of this section. The preceding sentence shall not apply to any credit carryback if such credit carryback is attributable to property for which a deduction for depreciation is not allowable.

''(B) RULES.—Rules similar to the rules of section 39 shall apply with respect to the credit carryback and credit carryforward under subparagraph (A).

''(11) INTERACTION WITH AIR QUALITY AND MOTOR VEHICLE SAFETY STANDARDS.—Unless otherwise provided in this section, a motor vehicle shall not be considered eligible for a credit under this section unless such vehicle is in compliance with—

''(A) the applicable provisions of the Clean Air Act for the applicable make and model year of the vehicle (or applicable air quality provisions of State law in the case of a State which has adopted such provision under a waiver under section 209(b) of the Clean Air Act), and

''(B) the motor vehicle safety provisions of sections 30101 through 30169 of title 49, United States Code.

''(g) REGULATIONS.—

''(1) IN GENERAL.—Except as provided in paragraph (2), the Secretary shall promulgate such regulations as necessary to carry out the provisions of this section.

''(2) COORDINATION IN PRESCRIPTION OF CERTAIN REGULATIONS.—The Secretary of the Treasury, in coordination with the Secretary of Transportation and the Administrator of the Environmental Protection Agency, shall prescribe such regulations as necessary to determine whether a motor vehicle meets the requirements to be eligible for a credit under this section.

''(h) TERMINATION.—This section shall not apply to any property purchased after—

''(1) in the case of a new qualified fuel cell motor vehicle (as described in subsection (b)), December 31, 2015,

''(2) in the case of a new advanced lean burn technology motor vehicle (as described in subsection (c)) or a new qualified hybrid motor vehicle (as described in subsection (d)), December 31, 2009, and

''(3) in the case of a new qualified alternative fuel vehicle (as described in subsection (e)), December 31, 2010.''.

(b) CONFORMING AMENDMENTS.—

(1) Section 1016(a), as amended by this Act, is amended by striking ''and'' at the end of paragraph (35), by striking the period at the end of paragraph (36) and inserting '', and'', and by adding at the end the following new paragraph:

''(37) to the extent provided in section 30B(h)(4).''.

(2) Section 55(c)(2), as amended by this Act, is amended by inserting ''30B(g),'' after ''30(b)(2),''.

(3) Section 6501(m) is amended by inserting ''30B(h)(9),'' after ''30(d)(4),''.

(4) The table of sections for subpart B of part IV of subchapter A of chapter 1 is amended by inserting after the item relating to section 30A the following new item:

''Sec. 30B. Alternative motor vehicle credit.''.

(c) EFFECTIVE DATE.—The amendments made by this section shall apply to property placed in service after the date of the enactment of this Act, in taxable years ending after such date.

(d) STICKER INFORMATION REQUIRED AT RETAIL SALE.—

(1) IN GENERAL.—The Secretary of the Treasury shall issue regulations under which each qualified vehicle sold at retail shall display a notice—

(A) that such vehicle is a qualified vehicle, and

(B) that the buyer may not benefit from the credit allowed under section 30B of the Internal Revenue Code of 1986 if such buyer has insufficient tax liability.

(2) QUALIFIED VEHICLE.—For purposes of paragraph (1), the term ''qualified vehicle'' means a vehicle with respect to which a credit is allowed under section 30B of the Internal Revenue Code of 1986.

(e) NONAPPLICATION OF SECTION .—Notwithstanding any other provision of this Act, the provisions of, and amendments made by, section 1531 of this Act shall be null and void.

**SEC. 1702. CREDIT FOR INSTALLATION OF ALTERNATIVE FUEL REFUELING STATIONS.**

(a) IN GENERAL.—Subpart B of part IV of subchapter A of chapter 1 (relating to foreign tax credit, etc.), as amended by this Act, is amended by adding at the end the following new section:

**''SEC. 30C. ALTERNATIVE FUEL VEHICLE REFUELING PROPERTY CREDIT.**

''(a) CREDIT ALLOWED.—There shall be allowed as a credit against the tax imposed by this chapter for the taxable year an amount equal to 50 percent of the cost of any qualified alternative fuel vehicle refueling property placed in service by the taxpayer during the taxable year.

''(b) LIMITATION.—The credit allowed under subsection (a) with respect to any alternative fuel vehicle refueling property shall not exceed—

''(1) $50,000 in the case of a property of a character subject to an allowance for depreciation, and

''(2) $1,000 in any other case.

''(c) QUALIFIED ALTERNATIVE FUEL VEHICLE REFUELING PROPERTY.—For purposes of this section—

''(1) IN GENERAL.—Except as provided in paragraph (2), the term 'qualified alternative fuel vehicle refueling property' has the meaning given to such term by section 179A(d), but only with respect to any fuel at least 85 percent of the volume of which consists of ethanol, natural gas, compressed natural gas, liquefied natural gas, liquefied petroleum gas, and hydrogen.

''(2) RESIDENTIAL PROPERTY.—In the case of any property installed on property which is used as the principal residence (within the meaning of section 121) of the taxpayer, paragraph (1) of section 179A(d) shall not apply.

''(d) APPLICATION WITH OTHER CREDITS.—The credit allowed under subsection (a) for any taxable year shall not exceed the excess (if any) of—

''(1) the regular tax for the taxable year reduced by the sum of the credits allowable under subpart A and sections 27, 29, 30, and 30B, over

''(2) the tentative minimum tax for the taxable year.

''(e) CARRYFORWARD ALLOWED.—

''(1) IN GENERAL.—If the credit amount allowable under subsection (a) for a taxable year exceeds the amount of the limitation under subsection (d) for such taxable year, such excess shall be allowed as a credit carryforward for each of the 20 taxable years following the unused credit year.

''(2) RULES.—Rules similar to the rules of section 39 shall apply with respect to the credit carryforward under paragraph (1).

''(f) SPECIAL RULES.—For purposes of this section—

''(1) BASIS REDUCTION.—The basis of any property shall be reduced by the portion of the cost of such property taken into account under subsection (a).

''(2) NO DOUBLE BENEFIT.—No deduction shall be allowed under section 179A with respect to any property with respect to which a credit is allowed under subsection (a).

''(3) PROPERTY USED BY TAX-EXEMPT ENTITY.—In the case of any qualified alternative fuel vehicle refueling property the use of which is described in paragraph (3) or (4) of section 50(b) and which is not subject to a lease, the person who sold such property to the person or entity using such property shall be treated as the taxpayer that placed such property in service, but only if such person clearly discloses to such person or entity in a document the amount of any credit allowable under subsection (a) with respect to such property (determined without regard to subsection (d)).

''(4) PROPERTY USED OUTSIDE UNITED STATES NOT QUALIFIED.—No credit shall be allowable under subsection (a) with respect to any property referred to in section 50(b)(1) or with respect to the portion of the cost of any property taken into account under section 179.

''(5) ELECTION NOT TO TAKE CREDIT.—No credit shall be allowed under subsection (a) for any property if the taxpayer elects not to have this section apply to such property.

''(6) RECAPTURE RULES.—Rules similar to the rules of section 179A(e)(4) shall apply.

''(g) REGULATIONS.—The Secretary shall prescribe such regulations as necessary to carry out the provisions of this section.

''(h) TERMINATION.—This section shall not apply to any property placed in service—

''(1) in the case of property relating to hydrogen, after December 31, 2014, and

''(2) in the case of any other property, after December 31, 2009.''.

(b) MODIFICATIONS TO EXTENSION OF DEDUCTION FOR CERTAIN REFUELING PROPERTY.—

(1) INCREASE IN DEDUCTION FOR HYDROGEN INFRASTRUCTURE.—Section 179A(b)(2)(A)(i) is amended by inserting ''($200,000 in the case of property relating to hydrogen)'' after ''$100,000''.

(2) EXTENSION OF DEDUCTION.—Subsection (f) of section 179A is amended to read as follows:

''(f) TERMINATION.—This section shall not apply to any property placed in service—

''(1) in the case of property relating to hydrogen, after December 31, 2014, and

''(2) in the case of any other property, after December 31, 2009.''.

(c) INCENTIVE FOR PRODUCTION OF HYDROGEN AT QUALIFIED CLEAN-FUEL VEHICLE REFUELING PROPERTY.—Section 179A(d) (defining qualified clean-fuel vehicle refueling property) is amended by adding at the end the following new flush sentence:

''In the case of clean-burning fuel which is hydrogen produced from another clean-burning fuel, paragraph (3)(A) shall be applied by substituting 'production, storage, or dispensing' for 'storage or dispensing' both places it appears.''.

(d) CONFORMING AMENDMENTS.—

(1) Section 1016(a), as amended by this Act, is amended by striking ''and'' at the end of paragraph (36), by striking the period at the end of paragraph (37) and inserting '', and'', and by adding at the end the following new paragraph:

''(38) to the extent provided in section 30C(f).''.

(2) Section 55(c)(2), as amended by this Act, is amended by inserting ''30C(e),'' after ''30B(e),''.

(3) Section 6501(m) is amended by inserting ''30C(f)(5),'' after ''30B(f)(9),''.

(4) The table of sections for subpart B of part IV of subchapter A of chapter 1, as amended by this Act, is amended by inserting after the item relating to section 30B the following new item:

''Sec. 30C. Clean-fuel vehicle refueling property credit.''.

(e) EFFECTIVE DATE.—The amendments made by this section shall apply to property placed in service after December 31, 2005, in taxable years ending after such date.

(f) NONAPPLICATION OF SECTION.—Notwithstanding any other provision of this Act, the provisions of, and amendments made by, section 1533 of this Act shall be null and void.

**SEC. 1703. ADVANCED TECHNOLOGY MOTOR VEHICLES MANUFACTURING CREDIT.**

(a) IN GENERAL.—Subpart B of part IV of subchapter A of chapter 1 (relating to foreign tax credit, etc.), as amended by this Act, is amended by adding at the end the following new section:

**''SEC. 30D. ADVANCED TECHNOLOGY MOTOR VEHICLES MANUFACTURING CREDIT.**

''(a) CREDIT ALLOWED.—There shall be allowed as a credit against the tax imposed by this chapter for the taxable year an amount equal to 35 percent of so much of the qualified investment of an eligible taxpayer for such taxable year as does not exceed $25,000,000.

''(b) QUALIFIED INVESTMENT.—For purposes of this section—

''(1) IN GENERAL.—The qualified investment for any taxable year is equal to the incremental costs incurred during such taxable year—

''(A) to re-equip or expand any manufacturing facility of the eligible taxpayer to produce advanced technology motor vehicles or to produce eligible components,

''(B) for engineering integration of such vehicles and components as described in subsection (d), and

''(C) for research and development related to advanced technology motor vehicles and eligible components.

''(2) ATTRIBUTION RULES.—In the event a facility of the eligible taxpayer produces both advanced technology motor vehicles and conventional motor vehicles, or eligible and non-eligible components, only the qualified investment attributable to production of advanced technology motor vehicles and eligible components shall be taken into account.

''(c) ADVANCED TECHNOLOGY MOTOR VEHICLES AND ELIGIBLE COMPONENTS.—For purposes of this section—

''(1) ADVANCED TECHNOLOGY MOTOR VEHICLE.—The term 'advanced technology motor vehicle' means—

''(A) any new advanced lean burn technology motor vehicle (as defined in section 30B(c)(3)), or

''(B) any new qualified hybrid motor vehicle (as defined in section 30B(d)(2)(A) and determined without regard to any gross vehicle weight rating).

''(2) ELIGIBLE COMPONENTS.—The term 'eligible component' means any component inherent to any advanced technology motor vehicle, including—

''(A) with respect to any gasoline or diesel-electric new qualified hybrid motor vehicle—

''(i) electric motor or generator,

''(ii) power split device,

''(iii) power control unit,

''(iv) power controls,

''(v) integrated starter generator, or

''(vi) battery,

''(B) with respect to any hydraulic new qualified hybrid motor vehicle—

''(i) hydraulic accumulator vessel,

''(ii) hydraulic pump, or

''(iii) hydraulic pump-motor assembly,

''(C) with respect to any new advanced lean burn technology motor vehicle—

''(i) diesel engine,

''(ii) turbocharger,

''(iii) fuel injection system, or

''(iv) after-treatment system, such as a particle filter or NOx absorber, and

''(D) with respect to any advanced technology motor vehicle, any other component submitted for approval by the Secretary.

''(d) ENGINEERING INTEGRATION COSTS.—For purposes of subsection (b)(1)(B), costs for engineering integration are costs incurred prior to the market introduction of advanced technology vehicles for engineering tasks related to—

''(1) establishing functional, structural, and performance requirements for component and subsystems to meet overall vehicle objectives for a specific application,

''(2) designing interfaces for components and subsystems with mating systems within a specific vehicle application,

''(3) designing cost effective, efficient, and reliable manufacturing processes to produce components and subsystems for a specific vehicle application, and

''(4) validating functionality and performance of components and subsystems for a specific vehicle application.

''(e) ELIGIBLE TAXPAYER.—For purposes of this section, the term 'eligible taxpayer' means any taxpayer if more than 50 percent of its gross receipts for the taxable year is derived from the manufacture of motor vehicles or any component parts of such vehicles.

''(f) LIMITATION BASED ON AMOUNT OF TAX.—The credit allowed under subsection (a) for the taxable year shall not exceed the excess of—

''(1) the sum of—

''(A) the regular tax liability (as defined in section 26(b)) for such taxable year, plus

''(B) the tax imposed by section 55 for such taxable year and any prior taxable year beginning after 1986 and not taken into account under section 53 for any prior taxable year, over

''(2) the sum of the credits allowable under subpart A and sections 27, 30, and 30B for the taxable year.

''(g) REDUCTION IN BASIS.—For purposes of this subtitle, if a credit is allowed under this section for any expenditure with respect to any property, the increase in the basis of such property which would (but for this paragraph) result from such expenditure shall be reduced by the amount of the credit so allowed.

''(h) NO DOUBLE BENEFIT.—

''(1) COORDINATION WITH OTHER DEDUCTIONS AND CREDITS.—Except as provided in paragraph (2), the amount of any deduction or other credit allowable under this chapter for any cost taken into account in determining the amount of the credit under subsection (a) shall be reduced by the amount of such credit attributable to such cost.

''(2) RESEARCH AND DEVELOPMENT COSTS.—

''(A) IN GENERAL.—Except as provided in subparagraph (B), any amount described in subsection (b)(1)(C) taken into account in determining the amount of the credit under subsection (a) for any taxable year shall not be taken into account for purposes of determining the credit under section 41 for such taxable year.

''(B) COSTS TAKEN INTO ACCOUNT IN DETERMINING BASE PERIOD RESEARCH EXPENSES.—Any amounts described in subsection (b)(1)(C) taken into account in determining the amount of the credit under subsection (a) for any taxable year which are qualified research expenses (within the meaning of section 41(b)) shall be taken into account in determining base period research expenses for purposes of applying section 41 to subsequent taxable years.

''(i) BUSINESS CARRYOVERS ALLOWED.—If the credit allowable under subsection (a) for a taxable year exceeds the limitation under subsection (f) for such taxable year, such excess (to the extent of the credit allowable with respect to property subject to the allowance for depreciation) shall be allowed as a credit carryback and carryforward under rules similar to the rules of section 39.

''(j) SPECIAL RULES.—For purposes of this section, rules similar to the rules of paragraphs (4) and (5) of section 179A(e) and paragraphs (1) and (2) of section 41(f) shall apply

''(k) ELECTION NOT TO TAKE CREDIT.—No credit shall be allowed under subsection (a) for any property if the taxpayer elects not to have this section apply to such property.

''(l) REGULATIONS.—The Secretary shall prescribe such regulations as necessary to carry out the provisions of this section.

''(m) TERMINATION.—This section shall not apply to any qualified investment after December 31, 2010.''.

(b) CONFORMING AMENDMENTS.—

(1) Section 1016(a), as amended by this Act, is amended by striking ''and'' at the end of paragraph (39), by striking the period at the end of paragraph (40) and inserting '', and'', and by adding at the end the following new paragraph:

''(41) to the extent provided in section 30D(g).''.

(2) Section 6501(m), as amended by this Act, is amended by inserting ''30D(k),'' after ''30C(j),''.

(3) The table of sections for subpart B of part IV of subchapter A of chapter 1, as amended by this Act, is amended by inserting after the item relating to section 30C the following new item:

''Sec. 30D. Advanced technology motor vehicles manufacturing credit.''.

(c) EFFECTIVE DATE.—The amendments made by this section shall apply to amounts incurred in taxable years beginning after December 31, 2005.

## Subtitle B—Revenue Offset Provisions

## PART I—GENERAL PROVISIONS

**SEC. 1711. TREATMENT OF CONTINGENT PAYMENT CONVERTIBLE DEBT INSTRUMENTS.**

(a) IN GENERAL.—Section 1275(d) (relating to regulation authority) is amended—

(1) by striking ''The Secretary'' and inserting the following:

''(1) IN GENERAL.—The Secretary'', and

(2) by adding at the end the following new paragraph:

''(2) TREATMENT OF CONTINGENT PAYMENT CONVERTIBLE DEBT.—

''(A) IN GENERAL.—In the case of a debt instrument which—

''(i) is convertible into stock of the issuing corporation, into stock or debt of a related party (within the meaning of section 267(b) or 707(b)(1)), or into cash or other property in an amount equal to the approximate value of such stock or debt, and

''(ii) provides for contingent payments,

any regulations which require original issue discount to be determined by reference to the comparable yield of a noncontingent fixed-rate debt instrument shall be applied as if the regulations require that such comparable yield be determined by reference to a noncontingent fixed-rate debt instrument which is convertible into stock.

''(B) SPECIAL RULE.—For purposes of subparagraph (A), the comparable yield shall be determined without taking into account the yield resulting from the conversion of a debt instrument into stock.''.

(b) CROSS REFERENCE.—Section 163(e)(6) (relating to cross references) is amended by adding at the end the following:

''For the treatment of contingent payment convertible debt, see section 1275(d)(2).''.

(c) EFFECTIVE DATE.—The amendments made by this section shall apply to debt instruments issued on or after the date of the enactment of this Act.

**SEC. 1712. 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:

''(e) 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. 1713. INCREASE IN CERTAIN CRIMINAL PENALTIES.**

(a) IN GENERAL.—Section 7206 (relating to fraud and false statements) is amended—

(1) by striking ''Any person who—'' and inserting ''(a) IN GENERAL.—Any person who—'', and

(2) by adding at the end the following new subsection:

''(b) INCREASE IN MONETARY LIMITATION FOR UNDERPAYMENT OR OVERPAYMENT OF TAX DUE TO FRAUD.—If any portion of any underpayment (as defined in section 6664(a)) or overpayment (as defined in section 6401(a)) of tax required to be shown on a return is attributable to fraudulent action described in subsection (a), the applicable dollar amount under subsection (a) shall in no event be less than an amount equal to such portion. A rule similar to the rule under section 6663(b) shall apply for purposes of determining the portion so attributable.''.

(b) INCREASE IN PENALTIES.—

(1) ATTEMPT TO EVADE OR DEFEAT TAX.—Section 7201 is amended—

(A) by striking ''$100,000'' and inserting ''$500,000'',

(B) by striking ''$500,000'' and inserting ''$1,000,000'', and

(C) by striking ''5 years'' and inserting ''10 years''.

(2) WILLFUL FAILURE TO FILE RETURN, SUPPLY INFORMATION, OR PAY TAX.—Section 7203 is amended—

(A) in the first sentence—

(i) by striking ''Any person'' and inserting the following:

''(a) IN GENERAL.—Any person'', and

(ii) by striking ''$25,000'' and inserting ''$50,000'',

(B) in the third sentence, by striking ''section'' and inserting ''subsection'', and

(C) by adding at the end the following new subsection:

''(b) AGGRAVATED FAILURE TO FILE.—

''(1) IN GENERAL.—In the case of any failure described in paragraph (2), the first sentence of subsection (a) shall be applied by substituting—

''(A) 'felony' for 'misdemeanor',

''(B) '$500,000 ($1,000,000' for '$25,000 ($100,000', and

''(C) '10 years' for '1 year'.

''(2) FAILURE DESCRIBED.—A failure described in this paragraph is a failure to make a return described in subsection (a) for a period of 3 or more consecutive taxable years and the aggregated tax liability for such period is at least $100,000.''.

(3) FRAUD AND FALSE STATEMENTS.—Section 7206(a) (as redesignated by subsection (a)) is amended—

(A) by striking ''$100,000'' and inserting ''$500,000'',

(B) by striking ''$500,000'' and inserting ''$1,000,000'', and

(C) by striking ''3 years'' and inserting ''5 years''.

(c) EFFECTIVE DATE.—The amendments made by this section shall apply to actions, and failures to act, occurring after the date of the enactment of this Act.

**SEC. 1714. DOUBLING OF CERTAIN PENALTIES, FINES, AND INTEREST ON UNDERPAYMENTS RELATED TO CERTAIN OFFSHORE FINANCIAL ARRANGEMENTS.**

(a) DETERMINATION OF PENALTY.—

(1) IN GENERAL.—Notwithstanding any other provision of law, in the case of an applicable taxpayer—

(A) the determination as to whether any interest or applicable penalty is to be imposed with respect to any arrangement described in paragraph (2), or to any underpayment of Federal income tax attributable to items arising in connection with any such arrangement, shall be made without regard to the rules of subsections (b), (c), and (d) of section 6664 of the Internal Revenue Code of 1986, and

(B) if any such interest or applicable penalty is imposed, the amount of such interest or penalty shall be equal to twice that determined without regard to this section.

(2) APPLICABLE TAXPAYER.—For purposes of this subsection—

(A) IN GENERAL.—The term ''applicable taxpayer'' means a taxpayer which—

(i) has underreported its United States income tax liability with respect to any item which directly or indirectly involves—

(I) any financial arrangement which in any manner relies on the use of offshore payment mechanisms (including credit, debit, or charge cards) issued by banks or other entities in foreign jurisdictions, or

(II) any offshore financial arrangement (including any arrangement with foreign banks, financial institutions, corporations, partnerships, trusts, or other entities), and

(ii) has not signed a closing agreement pursuant to the Voluntary Offshore Compliance Initiative established by the Department of the Treasury under Revenue Procedure 2003-11 or voluntarily disclosed its participation in such arrangement by notifying the Internal Revenue Service of such arrangement prior to the issue being raised by the Internal Revenue Service during an examination.

(B) AUTHORITY TO WAIVE.—The Secretary of the Treasury or the Secretary's delegate may waive the application of paragraph (1) to any taxpayer if the Secretary or the Secretary's delegate determines that the use of such offshore payment mechanisms is incidental to the transaction and, in addition, in the case of a trade or business, such use is conducted in the ordinary course of the trade or business of the taxpayer.

(C) ISSUES RAISED.—For purposes of subparagraph (A)(ii), an item shall be treated as an issue raised during an examination if the individual examining the return—

(i) communicates to the taxpayer knowledge about the specific item, or

(ii) has made a request to the taxpayer for information and the taxpayer could not make a complete response to that request without giving the examiner knowledge of the specific item.

(b) DEFINITIONS AND RULES.—For purposes of this section—

(1) APPLICABLE PENALTY.—The term ''applicable penalty'' means any penalty, addition to tax, or fine imposed under chapter 68 of the Internal Revenue Code of 1986.

(2) FEES AND EXPENSES.—The Secretary of the Treasury may retain and use an amount not in excess of 25 percent of all additional interest, penalties, additions to tax, and fines collected under this section to be used for enforcement and collection activities of the Internal Revenue Service. The Secretary shall keep adequate records regarding amounts so retained and used. The amount credited as paid by any taxpayer shall be determined without regard to this paragraph.

(c) REPORT BY SECRETARY.—The Secretary shall each year conduct a study and report to Congress on the implementation of this section during the preceding year, including statistics on the number of taxpayers affected by such implementation and the amount of interest and applicable penalties asserted, waived, and assessed during such preceding year.

(d) EFFECTIVE DATE.—The provisions of this section shall apply to interest, penalties, additions to tax, and fines with respect to any taxable year if, as of the date of the enactment of this Act, the assessment of any tax, penalty, or interest with respect to such taxable year is not prevented by the operation of any law or rule of law.

**SEC. 1715. MODIFICATION OF INTERACTION BETWEEN SUBPART F AND PASSIVE FOREIGN INVESTMENT COMPANY RULES.**

(a) LIMITATION ON EXCEPTION FROM PFIC RULES FOR UNITED STATES SHAREHOLDERS OF CONTROLLED FOREIGN CORPORATIONS.—Paragraph (2) of section 1297(e) (relating to passive foreign investment company) is amended by adding at the end the following flush sentence:

''Such term shall not include any period if the earning of subpart F income by such corporation during such period would result in only a remote likelihood of an inclusion in gross income under section 951(a)(1)(A)(i).''.

(b) EFFECTIVE DATE.—The amendment made by this section shall apply to taxable years of controlled foreign corporations beginning after March 2, 2005, and to taxable years of United States shareholders with or within which such taxable years of controlled foreign corporations end.

**SEC. 1716. DECLARATION BY CHIEF EXECUTIVE OFFICER RELATING TO FEDERAL ANNUAL CORPORATE INCOME TAX RETURN.**

(a) IN GENERAL.—The Federal annual tax return of a corporation with respect to income shall also include a declaration signed by the chief executive officer of such corporation (or other such officer of the corporation as the Secretary of the Treasury may designate if the corporation does not have a chief executive officer), under penalties of perjury, that the corporation has in place processes and procedures that ensure that such return complies with the Internal Revenue Code of 1986 and that the chief executive officer was provided reasonable assurance of the accuracy of all material aspects of such return. The preceding sentence shall not apply to any return of a regulated investment company (within the meaning of section 851 of such Code).

(b) EFFECTIVE DATE.—This section shall apply to Federal annual tax returns for taxable years ending after the date of the enactment of this Act.

**SEC. 1717. TREASURY REGULATIONS ON FOREIGN TAX CREDIT.**

(a) IN GENERAL.—Section 901 (relating to taxes of foreign countries and of possessions of United States) is amended by redesignating subsection (m) as subsection (n) and by inserting after subsection (l) the following new subsection:

''(m) REGULATIONS.—The Secretary may prescribe regulations disallowing a credit under subsection (a) for all or a portion of any foreign tax, or allocating a foreign tax among 2 or more persons, in cases where the foreign tax is imposed on any person in respect of income of another person or in other cases involving the inappropriate separation of the foreign tax from the related foreign income.''.

(b) EFFECTIVE DATE.—The amendments made by this section shall apply to transactions entered into after the date of the enactment of this Act.

**SEC. 1718. WHISTLEBLOWER REFORMS.**

(a) IN GENERAL.—Section 7623 (relating to expenses of detection of underpayments and fraud, etc.) is amended—

(1) by striking ''The Secretary'' and inserting ''(a) IN GENERAL.—The Secretary'',

(2) by striking ''and'' at the end of paragraph (1) and inserting ''or'',

(3) by striking ''(other than interest)'', and

(4) by adding at the end the following new subsections:

''(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) shall be subject to the filing by the individual described in such paragraph of a petition for review with the Tax Court under rules similar to the rules under section 7463 (without regard to the amount in dispute) and such review shall be subject to the rules under section 7461(b)(1).

''(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 $20,000.

''(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) AWARD NOT SUBJECT TO INDIVIDUAL ALTERNATIVE MINIMUM TAX.—No award received under this subsection shall be included in gross income for purposes of determining alternative minimum taxable income.

''(c) WHISTLEBLOWER OFFICE.—

''(1) IN GENERAL.—There is established in the Internal Revenue Service an office to be known as the 'Whistleblower Office' which—

''(A) shall at all times operate at the direction of the Commissioner and coordinate and consult with other divisions in the Internal Revenue Service as directed by the Commissioner,

''(B) shall analyze information received from any individual described in subsection (b) and either investigate the matter itself or assign it to the appropriate Internal Revenue Service office,

''(C) shall monitor any action taken with respect to such matter,

''(D) shall inform such individual that it has accepted the individual's information for further review,

''(E) may require such individual and any legal representative of such individual to not disclose any information so provided,

''(F) in its sole discretion, may ask for additional assistance from such individual or any legal representative of such individual, and

''(G) shall determine the amount to be awarded to such individual under subsection (b).

''(2) FUNDING FOR OFFICE.—There is authorized to be appropriated $10,000,000 for each fiscal year for the Whistleblower Office. These funds shall be used to maintain the Whistleblower Office and also to reimburse other Internal Revenue Service offices for related costs, such as costs of investigation and collection.

''(3) REQUEST FOR ASSISTANCE.—

''(A) IN GENERAL.—Any assistance requested under paragraph (1)(F) shall be under the direction and control of the Whistleblower Office or the office assigned to investigate the matter under subparagraph (A). To the extent the disclosure of any returns or return information to the individual or legal representative is required for the performance of such assistance, such disclosure shall be pursuant to a contract entered into between the Secretary and the recipients of such disclosure subject to section 6103(n). 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.

''(B) FUNDING OF ASSISTANCE.—From the amounts available for expenditure under subsection (b), the Whistleblower Office may, with the agreement of the individual described in subsection (b), reimburse the costs incurred by any legal representative of such individual in providing assistance described in subparagraph (A).

''(d) REPORT BY SECRETARY.—The Secretary shall each year conduct a study and report to Congress on the use of this section, including—

''(1) an analysis of the use of this section during the preceding year and the results of such use, and

''(2) any legislative or administrative recommendations regarding the provisions of this section and its application.''.

(b) EFFECTIVE DATE.—The amendments made by this section shall apply to information provided on or after the date of the enactment of this Act.

**SEC. 1719. DENIAL OF DEDUCTION FOR CERTAIN FINES, PENALTIES, AND OTHER AMOUNTS.**

(a) IN GENERAL.—Subsection (f) of section 162 (relating to trade or business expenses) is amended to read as follows:

''(f) FINES, PENALTIES, AND OTHER AMOUNTS.—

''(1) IN GENERAL.—Except as provided in paragraph (2), no deduction otherwise allowable shall be allowed under this chapter for any amount paid or incurred (whether by suit, agreement, or otherwise) to, or at the direction of, a government or entity described in paragraph (4) in relation to the violation of any law or the investigation or inquiry by such government or entity into the potential violation of any law.

''(2) EXCEPTION FOR AMOUNTS CONSTITUTING RESTITUTION.—Paragraph (1) shall not apply to any amount which—

''(A) the taxpayer establishes constitutes restitution (including remediation of property) for damage or harm caused by or which may be caused by the violation of any law or the potential violation of any law, and

''(B) is identified as restitution in the court order or settlement agreement.

Identification pursuant to subparagraph (B) alone shall not satisfy the requirement under subparagraph (A). This paragraph shall not apply to any amount paid or incurred as reimbursement to the government or entity for the costs of any investigation or litigation.

''(3) EXCEPTION FOR AMOUNTS PAID OR INCURRED AS THE RESULT OF CERTAIN COURT ORDERS.—Paragraph (1) shall not apply to any amount paid or incurred by order of a court in a suit in which no government or entity described in paragraph (4) is a party.

''(4) CERTAIN NONGOVERNMENTAL REGULATORY ENTITIES.—An entity is described in this paragraph if it is—

''(A) a nongovernmental entity which exercises self-regulatory powers (including imposing sanctions) in connection with a qualified board or exchange (as defined in section 1256(g)(7)), or

''(B) to the extent provided in regulations, a nongovernmental entity which exercises self-regulatory powers (including imposing sanctions) as part of performing an essential governmental function.

''(5) EXCEPTION FOR TAXES DUE.—Paragraph (1) shall not apply to any amount paid or incurred as taxes due.''.

(b) EFFECTIVE DATE.—The amendment made by this section shall apply to amounts paid or incurred on or after the date of the enactment of this Act, except that such amendment shall not apply to amounts paid or incurred under any binding order or agreement entered into before such date. Such exception shall not apply to an order or agreement requiring court approval unless the approval was obtained before such date.

**SEC. 1720. FREEZE OF INTEREST SUSPENSION RULES WITH RESPECT TO LISTED TRANSACTIONS.**

(a) IN GENERAL.—Paragraph (2) of section 903(d) of the American Jobs Creation Act of 2005 is amended to read as follows:

''(2) EXCEPTION FOR REPORTABLE OR LISTED TRANSACTIONS.—

''(A) IN GENERAL.—The amendments made by subsection (c) shall apply with respect to interest accruing after October 3, 2004.

''(B) SPECIAL RULE FOR CERTAIN LISTED TRANSACTIONS.—

''(i) IN GENERAL.—Except as provided in clause (ii) or (iii), in the case of any listed transaction, the amendments made by subsection (c) shall also apply with respect to interest accruing on or before October 3, 2004.

''(ii) PARTICIPANTS IN SETTLEMENT INITIATIVES.—Clause (i) shall not apply to a listed transaction if, as of May 9, 2005—

''(I) the taxpayer is participating in a published settlement initiative which is offered by the Secretary of the Treasury or his delegate to a group of similarly situated taxpayers claiming benefits from the listed transaction, or

''(II) the taxpayer has entered into a settlement agreement pursuant to such an initiative with respect to the tax liability arising in connection with the listed transaction.

Subclause (I) shall not apply to the taxpayer if, after May 9, 2005, the taxpayer withdraws from, or terminates, participation in the initiative or the Secretary or his delegate determines that a settlement agreement will not be reached pursuant to the initiative within a reasonable period of time.

''(iii) CLOSED TRANSACTIONS.—Clause (i) shall not apply to a listed transaction if, as of May 9, 2005—

''(I) the assessment of all Federal income taxes for the taxable year in which the tax liability to which the interest relates arose is prevented by the operation of any law or rule of law, or

''(II) a closing agreement under section 7121 has been entered into with respect to the tax liability arising in connection with the listed transaction.''.

(b) EFFECTIVE DATE.—The amendment made by this section shall take effect as if included in the provisions of the American Jobs Creation Act of 2004 to which it relates.

**SEC. 1721. MODIFICATIONS OF EFFECTIVE DATES OF LEASING PROVISIONS OF THE AMERICAN JOBS CREATION ACT OF 2004.**

(a) REPEAL OF EXCEPTION FOR QUALIFIED TRANSPORTATION PROPERTY.—Section 849(b) of the American Jobs Creation Act of 2004 is amended by striking paragraphs (1) and (2) and by redesignating paragraphs (3) and (4) as paragraphs (1) and (2).

(b) EFFECTIVE DATE.—The amendments made by this section shall take effect as if included in the enactment of the American Jobs Creation Act of 2004.

**SEC. 1722. IMPOSITION OF MARK-TO-MARKET TAX ON INDIVIDUALS WHO EXPATRIATE.**

(a) IN GENERAL.—Subpart A of part II of subchapter N of chapter 1 is amended by inserting after section 877 the following new section:

**''SEC. 877A. TAX RESPONSIBILITIES OF EXPATRIATION.**

''(a) GENERAL RULES.—For purposes of this subtitle—

''(1) MARK TO MARKET.—Except as provided in subsections (d) and (f), all property of a covered expatriate to whom this section applies shall be treated as sold on the day before the expatriation date for its fair market value.

''(2) RECOGNITION OF GAIN OR LOSS.—In the case of any sale under paragraph (1)—

''(A) notwithstanding any other provision of this title, any gain arising from such sale shall be taken into account for the taxable year of the sale, and

''(B) any loss arising from such sale shall be taken into account for the taxable year of the sale to the extent otherwise provided by this title, except that section 1091 shall not apply to any such loss.

Proper adjustment shall be made in the amount of any gain or loss subsequently realized for gain or loss taken into account under the preceding sentence.

''(3) EXCLUSION FOR CERTAIN GAIN.—

''(A) IN GENERAL.—The amount which, but for this paragraph, would be includible in the gross income of any individual by reason of this section shall be reduced (but not below zero) by $600,000. For purposes of this paragraph, allocable expatriation gain taken into account under subsection (f)(2) shall be

treated in the same manner as an amount required to be includible in gross income.

''(B) COST-OF-LIVING ADJUSTMENT.—

''(i) IN GENERAL.—In the case of an expatriation date occurring in any calendar year after 2005, the $600,000 amount under subparagraph (A) 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, determined by substituting 'calendar year 2004' for 'calendar year 1992' in subparagraph (B) thereof.

''(ii) ROUNDING RULES.—If any amount after adjustment under clause (i) is not a multiple of $1,000, such amount shall be rounded to the next lower multiple of $1,000.

''(4) ELECTION TO CONTINUE TO BE TAXED AS UNITED STATES CITIZEN.—

''(A) IN GENERAL.—If a covered expatriate elects the application of this paragraph—

''(i) this section (other than this paragraph and subsection (i)) shall not apply to the expatriate, but

''(ii) in the case of property to which this section would apply but for such election, the expatriate shall be subject to tax under this title in the same manner as if the individual were a United States citizen.

''(B) REQUIREMENTS.—Subparagraph (A) shall not apply to an individual unless the individual—

''(i) provides security for payment of tax in such form and manner, and in such amount, as the Secretary may require,

''(ii) consents to the waiver of any right of the individual under any treaty of the United States which would preclude assessment or collection of any tax which may be imposed by reason of this paragraph, and

''(iii) complies with such other requirements as the Secretary may prescribe.

''(C) ELECTION.—An election under subparagraph (A) shall apply to all property to which this section would apply but for the election and, once made, shall be irrevocable. Such election shall also apply to property the basis of which is determined in whole or in part by reference to the property with respect to which the election was made.

''(b) ELECTION TO DEFER TAX.—

''(1) IN GENERAL.—If the taxpayer elects the application of this subsection with respect to any property treated as sold by reason of subsection (a), the payment of the additional tax attributable to such property shall be postponed until the due date of the return for the taxable year in which such property is disposed of (or, in the case of property disposed of in a transaction in which gain is not recognized in whole or in part, until such other date as the Secretary may prescribe).

''(2) DETERMINATION OF TAX WITH RESPECT TO PROPERTY.—For purposes of paragraph (1), the additional tax attributable to any property is an amount which bears the same ratio to the additional tax imposed by this chapter for the taxable year solely by reason of subsection (a) as the gain taken into account under subsection (a) with respect to such property bears to the total gain taken into account under subsection (a) with respect to all property to which subsection (a) applies.

''(3) TERMINATION OF POSTPONEMENT.—No tax may be postponed under this subsection later than the due date for the return of tax imposed by this chapter for the taxable year which includes the date of death of the expatriate (or, if earlier, the time that the security provided with respect to the property fails to meet the requirements of paragraph (4), unless the taxpayer corrects such failure within the time specified by the Secretary).

''(4) SECURITY.—

''(A) IN GENERAL.—No election may be made under paragraph (1) with respect to any property unless adequate security is provided to the Secretary with respect to such property.

''(B) ADEQUATE SECURITY.—For purposes of subparagraph (A), security with respect to any property shall be treated as adequate security if—

''(i) it is a bond in an amount equal to the deferred tax amount under paragraph (2) for the property, or

''(ii) the taxpayer otherwise establishes to the satisfaction of the Secretary that the security is adequate.

''(5) WAIVER OF CERTAIN RIGHTS.—No election may be made under paragraph (1) unless the taxpayer consents to the waiver of any right under any treaty of the United States which would preclude assessment or collection of any tax imposed by reason of this section.

''(6) ELECTIONS.—An election under paragraph (1) shall only apply to property described in the election and, once made, is irrevocable. An election may be made under paragraph (1) with respect to an interest in a trust with respect to which gain is required to be recognized under subsection (f)(1).

''(7) INTEREST.—For purposes of section 6601—

''(A) the last date for the payment of tax shall be determined without regard to the election under this subsection, and

''(B) section 6621(a)(2) shall be applied by substituting '5 percentage points' for '3 percentage points' in subparagraph (B) thereof.

''(c) COVERED EXPATRIATE.—For purposes of this section—

''(1) IN GENERAL.—Except as provided in paragraph (2), the term 'covered expatriate' means an expatriate.

''(2) EXCEPTIONS.—An individual shall not be treated as a covered expatriate if—

''(A) the individual—

''(i) became at birth a citizen of the United States and a citizen of another country and, as of the expatriation date, continues to be a citizen of, and is taxed as a resident of, such other country, and

''(ii) has not been a resident of the United States (as defined in section 7701(b)(1)(A)(ii)) during the 5 taxable years ending with the taxable year during which the expatriation date occurs, or

''(B)(i) the individual's relinquishment of United States citizenship occurs before such individual attains age 18½, and

''(ii) the individual has been a resident of the United States (as so defined) for not more than 5 taxable years before the date of relinquishment.

''(d) EXEMPT PROPERTY; SPECIAL RULES FOR PENSION PLANS.—

''(1) EXEMPT PROPERTY.—This section shall not apply to the following:

''(A) UNITED STATES REAL PROPERTY INTERESTS.—Any United States real property interest (as defined in section 897(c)(1)), other than stock of a United States real property holding corporation which does not, on the day before the expatriation date, meet the requirements of section 897(c)(2).

''(B) SPECIFIED PROPERTY.—Any property or interest in property not described in subparagraph (A) which the Secretary specifies in regulations.

''(2) SPECIAL RULES FOR CERTAIN RETIREMENT PLANS.—

''(A) IN GENERAL.—If a covered expatriate holds on the day before the expatriation date any interest in a retirement plan to which this paragraph applies—

''(i) such interest shall not be treated as sold for purposes of subsection (a)(1), but

''(ii) an amount equal to the present value of the expatriate's nonforfeitable accrued benefit shall be treated as having been received by such individual on such date as a distribution under the plan.

''(B) TREATMENT OF SUBSEQUENT DISTRIBUTIONS.—In the case of any distribution on or after the expatriation date to or on behalf of the covered expatriate from a plan from which the expatriate was treated as receiving a distribution under subparagraph (A), the amount otherwise includible in gross income by reason of the subsequent distribution shall be reduced by the excess of the amount includible in gross income under subparagraph (A) over any portion of such amount to which this subparagraph previously applied.

''(C) TREATMENT OF SUBSEQUENT DISTRIBUTIONS BY PLAN.—For purposes of this title, a retirement plan to which this paragraph applies, and any person acting on the plan's behalf, shall treat any subsequent distribution described in subparagraph (B) in the same manner as such distribution would be treated without regard to this paragraph.

''(D) APPLICABLE PLANS.—This paragraph shall apply to—

''(i) any qualified retirement plan (as defined in section 4974(c)),

''(ii) an eligible deferred compensation plan (as defined in section 457(b)) of an eligible employer described in section 457(e)(1)(A), and

''(iii) to the extent provided in regulations, any foreign pension plan or similar retirement arrangements or programs.

''(e) DEFINITIONS.—For purposes of this section—

''(1) EXPATRIATE.—The term 'expatriate' means—

''(A) any United States citizen who relinquishes citizenship, and

''(B) any long-term resident of the United States who—

''(i) ceases to be a lawful permanent resident of the United States (within the meaning of section 7701(b)(6)), or

''(ii) commences to be treated as a resident of a foreign country under the provisions of a tax treaty between the United States and the foreign country and who does not waive the benefits of such treaty applicable to residents of the foreign country.

''(2) EXPATRIATION DATE.—The term 'expatriation date' means—

''(A) the date an individual relinquishes United States citizenship, or

''(B) in the case of a long-term resident of the United States, the date of the event described in clause (i) or (ii) of paragraph (1)(B).

''(3) RELINQUISHMENT OF CITIZENSHIP.—A citizen shall be treated as relinquishing United States citizenship on the earliest of—

''(A) the date the individual renounces such individual's United States nationality before a diplomatic or consular officer of the United States pursuant to paragraph (5) of section 349(a) of the Immigration and Nationality Act (8 U.S.C. 1481(a)(5)),

''(B) the date the individual furnishes to the United States Department of State a signed statement of voluntary relinquishment of United States nationality confirming the performance of an act of expatriation specified in paragraph (1), (2), (3), or (4) of section 349(a) of the Immigration and Nationality Act (8 U.S.C. 1481(a)(1)–(4)),

''(C) the date the United States Department of State issues to the individual a certificate of loss of nationality, or

''(D) the date a court of the United States cancels a naturalized citizen's certificate of naturalization.

Subparagraph (A) or (B) shall not apply to any individual unless the renunciation or voluntary relinquishment is subsequently approved by the issuance to the individual of a certificate of loss of nationality by the United States Department of State.

''(4) LONG-TERM RESIDENT.—The term 'long-term resident' has the meaning given to such term by section 877(e)(2).

''(f) SPECIAL RULES APPLICABLE TO BENEFICIARIES' INTERESTS IN TRUST.—

''(1) IN GENERAL.—Except as provided in paragraph (2), if an individual is determined under paragraph (3) to hold an interest in a trust on the day before the expatriation date—

''(A) the individual shall not be treated as having sold such interest,

''(B) such interest shall be treated as a separate share in the trust, and

''(C)(i) such separate share shall be treated as a separate trust consisting of the assets allocable to such share,

''(ii) the separate trust shall be treated as having sold its assets on the day before the expatriation date for their fair market value and as having distributed all of its assets to the individual as of such time, and

''(iii) the individual shall be treated as having recontributed the assets to the separate trust.

Subsection (a)(2) shall apply to any income, gain, or loss of the individual arising from a distribution described in subparagraph (C)(ii). In determining the amount of such distribution, proper adjustments shall be made for liabilities of the trust allocable to an individual's share in the trust.

''(2) SPECIAL RULES FOR INTERESTS IN QUALIFIED TRUSTS.—

''(A) IN GENERAL.—If the trust interest described in paragraph (1) is an interest in a qualified trust—

''(i) paragraph (1) and subsection (a) shall not apply, and

''(ii) in addition to any other tax imposed by this title, there is hereby imposed on each distribution with respect to such interest a tax in the amount determined under subparagraph (B).

''(B) AMOUNT OF TAX.—The amount of tax under subparagraph (A)(ii) shall be equal to the lesser of—

''(i) the highest rate of tax imposed by section 1(e) for the taxable year which includes the day before the expatriation date, multiplied by the amount of the distribution, or

''(ii) the balance in the deferred tax account immediately before the distribution determined without regard to any increases under subparagraph (C)(ii) after the 30th day preceding the distribution.

''(C) DEFERRED TAX ACCOUNT.—For purposes of subparagraph (B)(ii)—

''(i) OPENING BALANCE.—The opening balance in a deferred tax account with respect to any trust interest is an amount equal to the tax which would have been imposed on the allocable expatriation gain with respect to the trust interest if such gain had been included in gross income under subsection (a).

''(ii) INCREASE FOR INTEREST.—The balance in the deferred tax account shall be increased by the amount of interest determined (on the balance in the account at the time the interest accrues), for periods after the 90th day after the expatriation date, by using the rates and method applicable under section 6621 for underpayments of tax for such periods, except that section 6621(a)(2) shall be applied by substituting '5 percentage points' for '3 percentage points' in subparagraph (B) thereof.

''(iii) DECREASE FOR TAXES PREVIOUSLY PAID.—The balance in the tax deferred account shall be reduced—

''(I) by the amount of taxes imposed by subparagraph (A) on any distribution to the person holding the trust interest, and

''(II) in the case of a person holding a nonvested interest, to the extent provided in regulations, by the amount of taxes imposed by subparagraph (A) on distributions from the trust with respect to nonvested interests not held by such person.

''(D) ALLOCABLE EXPATRIATION GAIN.—For purposes of this paragraph, the allocable expatriation gain with respect to any beneficiary's interest in a trust is the amount of gain which would be allocable to such beneficiary's vested and nonvested interests in the trust if the beneficiary held directly all assets allocable to such interests.

''(E) TAX DEDUCTED AND WITHHELD.—

''(i) IN GENERAL.—The tax imposed by subparagraph (A)(ii) shall be deducted and withheld by the trustees from the distribution to which it relates.

''(ii) EXCEPTION WHERE FAILURE TO WAIVE TREATY RIGHTS.—If an amount may not be deducted and withheld under clause (i) by reason of the distributee failing to waive any treaty right with respect to such distribution—

''(I) the tax imposed by subparagraph (A)(ii) shall be imposed on the trust and each trustee shall be personally liable for the amount of such tax, and

''(II) any other beneficiary of the trust shall be entitled to recover from the distributee the amount of such tax imposed on the other beneficiary.

''(F) DISPOSITION.—If a trust ceases to be a qualified trust at any time, a covered expatriate disposes of an interest in a qualified trust, or a covered expatriate holding an interest in a qualified trust dies, then, in lieu of the tax imposed by subparagraph (A)(ii), there is hereby imposed a tax equal to the lesser of—

''(i) the tax determined under paragraph (1) as if the day before the expatriation date were the date of such cessation, disposition, or death, whichever is applicable, or

''(ii) the balance in the tax deferred account immediately before such date.

Such tax shall be imposed on the trust and each trustee shall be personally liable for the amount of such tax and any other beneficiary of the trust shall be entitled to recover from the covered expatriate or the estate the amount of such tax imposed on the other beneficiary.

''(G) DEFINITIONS AND SPECIAL RULES.—For purposes of this paragraph—

''(i) QUALIFIED TRUST.—The term 'qualified trust' means a trust which is described in section 7701(a)(30)(E).

''(ii) VESTED INTEREST.—The term 'vested interest' means any interest which, as of the day before the expatriation date, is vested in the beneficiary.

''(iii) NONVESTED INTEREST.—The term 'nonvested interest' means, with respect to any beneficiary, any interest in a trust which is not a vested interest. Such interest shall be determined by assuming the maximum exercise of discretion in favor of the beneficiary and the occurrence of all contingencies in favor of the beneficiary.

''(iv) ADJUSTMENTS.—The Secretary may provide for such adjustments to the bases of assets in a trust or a deferred tax account, and the timing of such adjustments, in order to ensure that gain is taxed only once.

''(v) COORDINATION WITH RETIREMENT PLAN RULES.—This subsection shall not apply to an interest in a trust which is part of a retirement plan to which subsection (d)(2) applies.

''(3) DETERMINATION OF BENEFICIARIES' INTEREST IN TRUST.—

''(A) DETERMINATIONS UNDER PARAGRAPH (1).—For purposes of paragraph (1), a beneficiary's interest in a trust shall be based upon all relevant facts and circumstances, including the terms of the trust instrument and any letter of wishes or similar document, historical patterns of trust distributions, and the existence of and functions performed by a trust protector or any similar adviser.

''(B) OTHER DETERMINATIONS.—For purposes of this section—

''(i) CONSTRUCTIVE OWNERSHIP.—If a beneficiary of a trust is a corporation, partnership, trust, or estate, the shareholders, partners, or beneficiaries shall be deemed to be the trust beneficiaries for purposes of this section.

''(ii) TAXPAYER RETURN POSITION.—A taxpayer shall clearly indicate on its income tax return—

''(I) the methodology used to determine that taxpayer's trust interest under this section, and

''(II) if the taxpayer knows (or has reason to know) that any other beneficiary of such trust is using a different methodology to determine such beneficiary's trust interest under this section.

''(g) TERMINATION OF DEFERRALS, ETC.—In the case of any covered expatriate, notwithstanding any other provision of this title—

''(1) any period during which recognition of income or gain is deferred shall terminate on the day before the expatriation date, and

''(2) any extension of time for payment of tax shall cease to apply on the day before the expatriation date and the unpaid portion of such tax shall be due and payable at the time and in the manner prescribed by the Secretary.

''(h) IMPOSITION OF TENTATIVE TAX.—

''(1) IN GENERAL.—If an individual is required to include any amount in gross income under subsection (a) for any taxable year, there is hereby imposed, immediately before the expatriation date, a tax in an amount equal to the amount of tax which would be imposed if the taxable year were a short taxable year ending on the expatriation date.

''(2) DUE DATE.—The due date for any tax imposed by paragraph (1) shall be the 90th day after the expatriation date.

''(3) TREATMENT OF TAX.—Any tax paid under paragraph (1) shall be treated as a payment of the tax imposed by this chapter for the taxable year to which subsection (a) applies.

''(4) DEFERRAL OF TAX.—The provisions of subsection (b) shall apply to the tax imposed by this subsection to the extent attributable to gain includible in gross income by reason of this section.

''(i) SPECIAL LIENS FOR DEFERRED TAX AMOUNTS.—

''(1) IMPOSITION OF LIEN.—

''(A) IN GENERAL.—If a covered expatriate makes an election under subsection (a)(4) or (b) which results in the deferral of any tax imposed by reason of subsection (a), the deferred amount (including any interest, additional amount, addition to tax, assessable penalty, and costs attributable to the deferred amount) shall be a lien in favor of the United States on all property of the expatriate located in the United States (without regard to whether this section applies to the property).

''(B) DEFERRED AMOUNT.—For purposes of this subsection, the deferred amount is the amount of the increase in the covered expatriate's income tax which, but for the election under subsection (a)(4) or (b), would have occurred by reason of this section for the taxable year including the expatriation date.

''(2) PERIOD OF LIEN.—The lien imposed by this subsection shall arise on the expatriation date and continue until—

''(A) the liability for tax by reason of this section is satisfied or has become unenforceable by reason of lapse of time, or

''(B) it is established to the satisfaction of the Secretary that no further tax liability may arise by reason of this section.

''(3) CERTAIN RULES APPLY.—The rules set forth in paragraphs (1), (3), and (4) of section 6324A(d) shall apply with respect to the lien imposed by this subsection as if it were a lien imposed by section 6324A.

''(j) REGULATIONS.—The Secretary shall prescribe such regulations as may be necessary or appropriate to carry out the purposes of this section.''.

(b) INCLUSION IN INCOME OF GIFTS AND BEQUESTS RECEIVED BY UNITED STATES CITIZENS AND RESIDENTS FROM EXPATRIATES.—Section 102 (relating to gifts, etc. not included in gross income) is amended by adding at the end the following new subsection:

''(d) GIFTS AND INHERITANCES FROM COVERED EXPATRIATES.—

''(1) IN GENERAL.—Subsection (a) shall not exclude from gross income the value of any property acquired by gift, bequest, devise, or inheritance from a covered expatriate after the expatriation date. For purposes of this subsection, any term used in this subsection which is also used in section 877A shall have the same meaning as when used in section 877A.

''(2) EXCEPTIONS FOR TRANSFERS OTHERWISE SUBJECT TO ESTATE OR GIFT TAX.—Paragraph (1) shall not apply to any property if either—

''(A) the gift, bequest, devise, or inheritance is—

''(i) shown on a timely filed return of tax imposed by chapter 12 as a taxable gift by the covered expatriate, or

''(ii) included in the gross estate of the covered expatriate for purposes of chapter 11 and shown on a timely filed return of tax imposed by chapter 11 of the estate of the covered expatriate, or

''(B) no such return was timely filed but no such return would have been required to be filed even if the covered expatriate were a citizen or long-term resident of the United States.''.

(c) DEFINITION OF TERMINATION OF UNITED STATES CITIZENSHIP.—Section 7701(a) is amended by adding at the end the following new paragraph:

''(49) TERMINATION OF UNITED STATES CITIZENSHIP.—

''(A) IN GENERAL.—An individual shall not cease to be treated as a United States citizen before the date on which the individual's citizenship is treated as relinquished under section 877A(e)(3).

''(B) DUAL CITIZENS.—Under regulations prescribed by the Secretary, subparagraph (A) shall not apply to an individual who became at birth a citizen of the United States and a citizen of another country.''.

(d) INELIGIBILITY FOR VISA OR ADMISSION TO UNITED STATES.—

(1) IN GENERAL.—Section 212(a)(10)(E) of the Immigration and Nationality Act (8 U.S.C. 1182(a)(10)(E)) is amended to read as follows:

''(E) FORMER CITIZENS NOT IN COMPLIANCE WITH EXPATRIATION REVENUE PROVISIONS.—Any alien who is a former citizen of the United States who relinquishes United States citizenship (within the meaning of section 877A(e)(3) of the Internal Revenue Code of 1986) and who is not in compliance with section 877A of such Code (relating to expatriation).''.

(2) AVAILABILITY OF INFORMATION.—

(A) IN GENERAL.—Section 6103(l) (relating to disclosure of returns and return information for purposes other than tax administration) is amended by adding at the end the following new paragraph:

''(21) DISCLOSURE TO DENY VISA OR ADMISSION TO CERTAIN EXPATRIATES.—Upon written request of the Attorney General or the Attorney General's delegate, the Secretary shall disclose whether an individual is in compliance with section 877A (and if not in compliance, any items of noncompliance) to officers and employees of the Federal agency responsible for administering section 212(a)(10)(E) of the Immigration and Nationality Act solely for the purpose of, and to the extent necessary in, administering such section 212(a)(10)(E).''.

(B) SAFEGUARDS.—Section 6103(p)(4) (relating to safeguards) is amended by striking ''or (20)'' each place it appears and inserting ''(20), or (21)''.

(3) EFFECTIVE DATES.—The amendments made by this subsection shall apply to individuals who relinquish United States citizenship on or after the date of the enactment of this Act.

(e) CONFORMING AMENDMENTS.—

(1) Section 877 is amended by adding at the end the following new subsection:

''(h) APPLICATION.—This section shall not apply to an expatriate (as defined in section 877A(e)) whose expatriation date (as so defined) occurs on or after the date of the enactment of the Safe, Accountable, Flexible, and Efficient Transportation Equity Act of 2005.''.

(2) Section 2107 is amended by adding at the end the following new subsection:

''(f) APPLICATION.—This section shall not apply to any expatriate subject to section 877A.''.

(3) Section 2501(a)(3) is amended by adding at the end the following new subparagraph:

''(C) APPLICATION.—This paragraph shall not apply to any expatriate subject to section 877A.''.

(f) CLERICAL AMENDMENT.—The table of sections for subpart A of part II of subchapter N of chapter 1 is amended by inserting after the item relating to section 877 the following new item:

''Sec. 877A. Tax responsibilities of expatriation.''.

(g) EFFECTIVE DATE.—

(1) IN GENERAL.—Except as provided in this subsection, the amendments made by this section shall apply to expatriates (within the meaning of section 877A(e) of the Internal Revenue Code of 1986, as added by this section) whose expatriation date (as so defined) occurs on or after the date of the enactment of this Act.

(2) GIFTS AND BEQUESTS.—Section 102(d) of the Internal Revenue Code of 1986 (as added by subsection (b)) shall apply to gifts and bequests received on or after the date of the enactment of this Act, from an individual or the estate of an individual whose expatriation date (as so defined) occurs after such date.

(3) DUE DATE FOR TENTATIVE TAX.—The due date under section 877A(h)(2) of the Internal Revenue Code of 1986, as added by this section, shall in no event occur before the 90th day after the date of the enactment of this Act.

**SEC. 1723. DISALLOWANCE OF DEDUCTION FOR PUNITIVE DAMAGES.**

(a) DISALLOWANCE OF DEDUCTION.—

(1) IN GENERAL.—Section 162(g) (relating to treble damage payments under the antitrust laws) is amended—

(A) by redesignating paragraphs (1) and (2) as subparagraphs (A) and (B), respectively,

(B) by striking ''If'' and inserting:

''(1) TREBLE DAMAGES.—If'', and

(C) by adding at the end the following new paragraph:

''(2) PUNITIVE DAMAGES.—No deduction shall be allowed under this chapter for any amount paid or incurred for punitive damages in connection with any judgment in, or settlement of, any action. This paragraph shall not apply to punitive damages described in section 104(c).''.

(2) CONFORMING AMENDMENT.—The heading for section 162(g) is amended by inserting ''OR PUNITIVE DAMAGES'' after ''LAWS''.

(b) INCLUSION IN INCOME OF PUNITIVE DAMAGES PAID BY INSURER OR OTHERWISE.—

(1) IN GENERAL.—Part II of subchapter B of chapter 1 (relating to items specifically included in gross income) is amended by adding at the end the following new section:

**''SEC. 91. PUNITIVE DAMAGES COMPENSATED BY INSURANCE OR OTHERWISE.**

''Gross income shall include any amount paid to or on behalf of a taxpayer as insurance or otherwise by reason of the taxpayer's liability (or agreement) to pay punitive damages.''.

(2) REPORTING REQUIREMENTS.—Section 6041 (relating to information at source) is amended by adding at the end the following new subsection:

''(f) SECTION TO APPLY TO PUNITIVE DAMAGES COMPENSATION.—This section shall apply to payments by a person to or on behalf of another person as insurance or otherwise by reason of the other person's liability (or agreement) to pay punitive damages.''.

(3) CONFORMING AMENDMENT.—The table of sections for part II of subchapter B of chapter 1 is amended by adding at the end the following new item:

''Sec. 91. Punitive damages compensated by insurance or otherwise.''.

(c) EFFECTIVE DATE.—The amendments made by this section shall apply to damages paid or incurred on or after the date of the enactment of this Act.

**SEC. 1724. APPLICATION OF EARNINGS STRIPPING RULES TO PARTNERS WHICH ARE C CORPORATIONS.**

(a) IN GENERAL.—Section 163(j) (relating to limitation on deduction for interest on certain indebtedness) is amended by redesignating paragraph (8) as paragraph (9) and by inserting after paragraph (7) the following new paragraph:

''(8) ALLOCATIONS TO CERTAIN CORPORATE PARTNERS.—If a C corporation is a partner in a partnership—

''(A) the corporation's allocable share of indebtedness and interest income of the partnership shall be taken into account in applying this subsection to the corporation, and

''(B) if a deduction is not disallowed under this subsection with respect to any interest expense of the partnership, this subsection shall be applied separately in determining whether a deduction is allowable to the corporation with respect to the corporation's allocable share of such interest expense.''.

(b) EFFECTIVE DATE.—The amendments made by this section shall apply to taxable years beginning on or after the date of the enactment of this Act.

**SEC. 1725. PROHIBITION ON DEFERRAL OF GAIN FROM THE EXERCISE OF STOCK OPTIONS AND RESTRICTED STOCK GAINS THROUGH DEFERRED COMPENSATION ARRANGEMENTS.**

(a) IN GENERAL.—Section 83 (relating to property transferred in connection with performance of services) is amending by adding at the end the following new subsection:

''(i) PROHIBITION ON ADDITIONAL DEFERRAL THROUGH DEFERRED COMPENSATION ARRANGEMENTS.—If a taxpayer exchanges—

''(1) an option to purchase employer securities—

''(A) to which subsection (a) applies, or

''(B) which is described in subsection (e)(3), or

''(2) employer securities or any other property based on employer securities transferred to the taxpayer,

for a right to receive future payments, then, notwithstanding any other provision of this title, there shall be included in gross income for the taxable year of the exchange an amount equal to the present value of such right (or such other amount as the Secretary may by regulations specify). For purposes of this subsection, the term 'employer securities' includes any security issued by the employer.''.

(b) CONTROLLED GROUP RULES.—Section 414(t)(2) is amended by inserting ''83(i),'' after ''79,''.

(c) EFFECTIVE DATE.—The amendments made by this section shall apply to any exchange after the date of the enactment of this Act.

**SEC. 1726. LIMITATION OF EMPLOYER DEDUCTION FOR CERTAIN ENTERTAINMENT EXPENSES.**

(a) IN GENERAL.—Paragraph (2) of section 274(e) (relating to expenses treated as compensation) is amended to read as follows:

''(2) EXPENSES TREATED AS COMPENSATION.—Expenses for goods, services, and facilities, to the extent that the expenses do not exceed the amount of the expenses which are treated by the taxpayer, with respect to the recipient of the entertainment, amusement, or recreation, as compensation to an employee on the taxpayer's return of tax under this chapter and as wages to such employee for purposes of chapter 24 (relating to withholding of income tax at source on wages).''.

(b) PERSONS NOT EMPLOYEES.—Paragraph (9) of section 274(e) is amended by striking ''to the extent that the expenses are includible in the gross income'' and inserting ''to the extent that the expenses do not exceed the amount of the expenses which are includible in the gross income''.

(c) EFFECTIVE DATE.—The amendment made by this section shall apply to expenses incurred after the date of the enactment of this Act.

**SEC. 1727. INCREASE IN PENALTY FOR BAD CHECKS AND MONEY ORDERS.**

(a) IN GENERAL.—Section 6657 (relating to bad checks) is amended—

(1) by striking ''$750'' and inserting ''$1,250'', and

(2) by striking ''$15'' and inserting ''$25''.

(b) EFFECTIVE DATE.—The amendments made by this section apply to checks or money orders received after the date of the enactment of this Act.

**SEC. 1728. ELIMINATION OF DOUBLE DEDUCTION ON MINING EXPLORATION AND DEVELOPMENT COSTS UNDER THE MINIMUM TAX.**

(a) IN GENERAL.—Section 57(a)(1) (relating to depletion) is amended by striking ''for the taxable year)'' and inserting ''for the taxable year and determined without regard to so much of the basis as is attributable to mining exploration and development costs described in section 616 or 617 for which a deduction is allowable for any taxable year under this part).''.

(b) EFFECTIVE DATE.—The amendment made by this section shall apply to taxable years beginning after the date of the enactment this Act.

## PART II—IMPROVEMENTS IN EFFICIENCY AND SAFEGUARDS IN INTERNAL REVENUE SERVICE COLLECTION

**SEC. 1731. WAIVER OF USER FEE FOR INSTALLMENT AGREEMENTS USING AUTOMATED WITHDRAWALS.**

(a) IN GENERAL.—Section 6159 (relating to agreements for payment of tax liability in installments) is amended by redesignating subsection (e) as subsection (f) and by inserting after subsection (d) the following:

''(e) WAIVER OF USER FEES FOR INSTALLMENT AGREEMENTS USING AUTOMATED WITHDRAWALS.—In the case of a taxpayer who enters into an installment agreement in which automated installment payments are agreed to, the Secretary shall waive the fee (if any) for entering into the installment agreement.''.

(b) EFFECTIVE DATE.—The amendments made by this section shall apply to agreements entered into on or after the date which is 180 days after the date of the enactment of this Act.

**SEC. 1732. TERMINATION OF INSTALLMENT AGREEMENTS.**

(a) IN GENERAL.—Section 6159(b)(4) (relating to failure to pay an installment or any other tax liability when due or to provide requested financial information) is amended by striking ''or'' at the end of subparagraph (B), by redesignating subparagraph (C) as subparagraph (E), and by inserting after subparagraph (B) the following:

''(C) to make a Federal tax deposit under section 6302 at the time such deposit is required to be made,

''(D) to file a return of tax imposed under this title by its due date (including extensions), or''.

(b) CONFORMING AMENDMENT.—The heading for section 6159(b)(4) is amended by striking ''FAILURE TO PAY AN INSTALLMENT OR ANY OTHER TAX LIABILITY WHEN DUE OR TO PROVIDE REQUESTED FINANCIAL INFORMATION'' and inserting ''FAILURE TO MAKE PAYMENTS OR DEPOSITS OR FILE RETURNS WHEN DUE OR TO PROVIDE REQUESTED FINANCIAL INFORMATION''.

(c) EFFECTIVE DATE.—The amendments made by this section shall apply to failures occurring on or after the date of the enactment of this Act.

**SEC. 1733. OFFICE OF CHIEF COUNSEL REVIEW OF OFFERS-IN-COMPROMISE.**

(a) IN GENERAL.—Section 7122(b) (relating to record) is amended by striking ''Whenever a compromise'' and all that follows through ''his delegate'' and inserting ''If the Secretary determines that an opinion of the General Counsel for the Department of the Treasury, or the Counsel's delegate, is required with respect to a compromise, there shall be placed on file in the office of the Secretary such opinion''.

(b) CONFORMING AMENDMENTS.—Section 7122(b) is amended by striking the second and third sentences.

(c) EFFECTIVE DATE.—The amendments made by this section shall apply to offers-in-compromise submitted or pending on or after the date of the enactment of this Act.

**SEC. 1734. PARTIAL PAYMENTS REQUIRED WITH SUBMISSION OF OFFERS-IN-COMPROMISE.**

(a) IN GENERAL.—Section 7122 (relating to compromises), as amended by this Act, is amended by redesignating subsections (c), (d), and (e) as subsections (d), (e), and (f), respectively, and by inserting after subsection (b) the following new subsection:

''(c) RULES FOR SUBMISSION OF OFFERS-IN-COMPROMISE.—

''(1) PARTIAL PAYMENT REQUIRED WITH SUBMISSION.—

''(A) LUMP-SUM OFFERS.—

''(i) IN GENERAL.—The submission of any lump-sum offer-in-compromise shall be accompanied by the payment of 20 percent of amount of such offer.

''(ii) LUMP-SUM OFFER-IN-COMPROMISE.—For purposes of this section, the term 'lump-sum offer-in-compromise' means any offer of payments made in 5 or fewer installments.

''(B) PERIODIC PAYMENT OFFERS.—The submission of any periodic payment offer-in-compromise shall be accompanied by the payment of the amount of the first proposed installment and each proposed installment due during the period such offer is being evaluated for acceptance and has not been rejected by the Secretary. Any failure to make a payment required under the preceding sentence shall be deemed a withdrawal of the offer-in-compromise.

''(2) RULES OF APPLICATION.—

''(A) USE OF PAYMENT.—The application of any payment made under this subsection to the assessed tax or other amounts imposed under this title with respect to such tax may be specified by the taxpayer.

''(B) NO USER FEE IMPOSED.—Any user fee which would otherwise be imposed under this section shall not be imposed on any offer-in-compromise accompanied by a payment required under this subsection.''.

(b) ADDITIONAL RULES RELATING TO TREATMENT OF OFFERS.—

(1) UNPROCESSABLE OFFER IF PAYMENT REQUIREMENTS ARE NOT MET.—Paragraph (3) of section 7122(d) (relating to standards for evaluation of offers), as redesignated by subsection (a), is amended by striking ''; and'' at the end of subparagraph (A) and inserting a comma, 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 offer-in-compromise which does not meet the requirements of subsection (c) shall be returned to the taxpayer as unprocessable.''.

(2) DEEMED ACCEPTANCE OF OFFER NOT REJECTED WITHIN CERTAIN PERIOD.—Section 7122, as amended by subsection (a), is amended by adding at the end the following new subsection:

''(g) DEEMED ACCEPTANCE OF OFFER NOT REJECTED WITHIN CERTAIN PERIOD.—Any offer-in-compromise submitted under this section shall be deemed to be accepted by the Secretary if such offer is not rejected by the Secretary before the date which is 24 months after the date of the submission of such offer (12 months for offers-in-compromise submitted after the date which is 5 years after the date of the enactment of this subsection). For purposes of the preceding sentence, any period during which any tax liability which is the subject of such offer-in-compromise is in dispute in any judicial proceeding shall not be taken in to account in determining the expiration of the 24-month period (or 12-month period, if applicable).''.

(c) EFFECTIVE DATE.—The amendments made by this section shall apply to offers-in-compromise submitted on and after the date which is 60 days after the date of the enactment of this Act.

**SEC. 1735. JOINT TASK FORCE ON OFFERS-IN-COMPROMISE.**

(a) IN GENERAL.—The Secretary of the Treasury shall establish a joint task force—

(1) to review the Internal Revenue Service's determinations with respect to offers-in-compromise, including offers which raise equitable, public policy, or economic hardship grounds for compromise of a tax liability under section 7122 of the Internal Revenue Code of 1986,

(2) to review the extent to which the Internal Revenue Service has used its authority to resolve longstanding cases by forgoing penalties and interest which have accumulated as a result of delay in determining the taxpayer's liability,

(3) to provide recommendations as to whether the Internal Revenue Service's evaluation of offers-in-compromise should include—

(A) the taxpayer's compliance history,

(B) errors by the Internal Revenue Service with respect to the underlying tax, and

(C) wrongful acts by a third party which gave rise to the liability, and

(4) to annually report to the Committee on Finance of the Senate and the Committee on Ways and Means of the House of Representatives (beginning in 2006) regarding such review and recommendations.

(b) MEMBERS OF JOINT TASK FORCE.—The membership of the joint task force under subsection (a) shall consist of 1 representative each from the Department of the Treasury, the Internal Revenue Service Oversight Board, the Office of the Chief Counsel for the Internal Revenue Service, the Office of the Taxpayer Advocate, the Office of Appeals, and the division of the Internal Revenue Service charged with operating the offer-in-compromise program.

(c) REPORT OF NATIONAL TAXPAYER ADVOCATE.—

(1) IN GENERAL.—Clause (ii) of section 7803(c)(2)(B) (relating to annual reports) is amended by striking ''and'' at the end of subclause (X), by redesignating subclause (XI) as subclause (XII), and by inserting after subclause (X) the following new subclause:

''(XI) include a list of the factors taxpayers have raised to support their claims for offers-in-compromise relief, the number of such offers submitted, accepted, and rejected, the number of such offers appealed, the period during which review of such offers have remained pending, and the efforts the Internal Revenue Service has made to correctly identify such offers, including the training of employees in identifying and evaluating such offers.''.

(2) EFFECTIVE DATE.—The amendment made by paragraph (1) shall apply to reports in calendar year 2006 and thereafter.

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**SA 930.** Mr. LEVIN (for himself and Mr. BAYH) submitted an amendment intended to be proposed by him to the bill H.R. 6, to ensure jobs for our future with secure, affordable, and reliable energy; which was ordered to lie on the table; as follows:

At the end add the following:

**TITLE XVII—TAX INCENTIVES FOR ALTERNATIVE MOTOR VEHICLES AND FUELS**

**SEC. 1700. AMENDMENT OF 1986 CODE.**

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 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.

**Subtitle A—Tax Incentives**

**SEC. 1701. ALTERNATIVE MOTOR VEHICLE CREDIT.**

(a) IN GENERAL.—Subpart B of part IV of subchapter A of chapter 1 (relating to foreign tax credit, etc.) is amended by adding at the end the following:

**''SEC. 30B. ALTERNATIVE MOTOR VEHICLE CREDIT.**

''(a) ALLOWANCE OF CREDIT.—There shall be allowed as a credit against the tax imposed by this chapter for the taxable year an amount equal to the sum of—

''(1) the new qualified fuel cell motor vehicle credit determined under subsection (b),

''(2) the new advanced lean burn technology motor vehicle credit determined under subsection (c),

''(3) the new qualified hybrid motor vehicle credit determined under subsection (d), and

''(4) the new qualified alternative fuel motor vehicle credit determined under subsection (e).

''(b) NEW QUALIFIED FUEL CELL MOTOR VEHICLE CREDIT.—

''(1) IN GENERAL.—For purposes of subsection (a), the new qualified fuel cell motor vehicle credit determined under this subsection with respect to a new qualified fuel cell motor vehicle placed in service by the taxpayer during the taxable year is—

''(A) $8,000 if such vehicle has a gross vehicle weight rating of not more than 8,500 pounds,

''(B) $10,000, if such vehicle has a gross vehicle weight rating of more than 8,500 pounds but not more than 14,000 pounds,

''(C) $20,000, if such vehicle has a gross vehicle weight rating of more than 14,000 pounds but not more than 26,000 pounds, and

''(D) $40,000, if such vehicle has a gross vehicle weight rating of more than 26,000 pounds.

''(2) INCREASE FOR FUEL EFFICIENCY.—

''(A) IN GENERAL.—The amount determined under paragraph (1)(A) with respect to a new qualified fuel cell motor vehicle which is a passenger automobile or light truck shall be increased by—

''(i) $1,000, if such vehicle achieves at least 150 percent but less than 175 percent of the 2002 model year city fuel economy,

''(ii) $1,500, if such vehicle achieves at least 175 percent but less than 200 percent of the 2002 model year city fuel economy,

''(iii) $2,000, if such vehicle achieves at least 200 percent but less than 225 percent of the 2002 model year city fuel economy,

''(iv) $2,500, if such vehicle achieves at least 225 percent but less than 250 percent of the 2002 model year city fuel economy,

''(v) $3,000, if such vehicle achieves at least 250 percent but less than 275 percent of the 2002 model year city fuel economy,

''(vi) $3,500, if such vehicle achieves at least 275 percent but less than 300 percent of the 2002 model year city fuel economy, and

''(vii) $4,000, if such vehicle achieves at least 300 percent of the 2002 model year city fuel economy.

''(B) 2002 MODEL YEAR CITY FUEL ECONOMY.—For purposes of subparagraph (A), the 2002 model year city fuel economy with respect to a vehicle shall be determined in accordance with the following tables:

''(i) In the case of a passenger automobile:

| **''If vehicle inertia weight class is:** | **The 2002 model year city fuel economy is:** |
|---|---|
| 1,500 or 1,750 lbs | 45.2 mpg |
| 2,000 lbs | 39.6 mpg |
| 2,250 lbs | 35.2 mpg |
| 2,500 lbs | 31.7 mpg |
| 2,750 lbs | 28.8 mpg |
| 3,000 lbs | 26.4 mpg |
| 3,500 lbs | 22.6 mpg |
| 4,000 lbs | 19.8 mpg |
| 4,500 lbs | 17.6 mpg |
| 5,000 lbs | 15.9 mpg |
| 5,500 lbs | 14.4 mpg |
| 6,000 lbs | 13.2 mpg |
| 6,500 lbs | 12.2 mpg |
| 7,000 to 8,500 lbs | 11.3 mpg. |

''(ii) In the case of a light truck:

| **''If vehicle inertia weight class is:** | **The 2002 model year city fuel economy is:** |
|---|---|
| 511,500 or 1,750 lbs | 39.4 mpg |
| 2,000 lbs | 35.2 mpg |
| 2,250 lbs | 31.8 mpg |
| 2,500 lbs | 29.0 mpg |
| 2,750 lbs | 26.8 mpg |
| 3,000 lbs | 24.9 mpg |
| 3,500 lbs | 21.8 mpg |
| 4,000 lbs | 19.4 mpg |
| 4,500 lbs | 17.6 mpg |
| 5,000 lbs | 16.1 mpg |
| 5,500 lbs | 14.8 mpg |
| 16,000 lbs | 13.7 mpg |
| 6,500 lbs | 12.8 mpg |
| 7,000 to 8,500 lbs | 12.1 mpg. |

''(C) VEHICLE INERTIA WEIGHT CLASS.—For purposes of subparagraph (B), the term 'vehicle inertia weight class' has the same meaning as when defined in regulations prescribed by the Administrator of the Environmental Protection Agency for purposes of the administration of title II of the Clean Air Act (42 U.S.C. 7521 et seq.).

''(3) NEW QUALIFIED FUEL CELL MOTOR VEHICLE.—For purposes of this subsection, the term 'new qualified fuel cell motor vehicle' means a motor vehicle—

''(A) which is propelled by power derived from 1 or more cells which convert chemical energy directly into electricity by combining oxygen with hydrogen fuel which is stored on board the vehicle in any form and may or may not require reformation prior to use,

''(B) which, in the case of a passenger automobile or light truck, has received on or after the date of the enactment of this section a certificate that such vehicle meets or exceeds the Bin 5 Tier II emission level established in regulations prescribed by the Administrator of the Environmental Protection Agency under section 202(i) of the Clean Air Act for that make and model year vehicle,

''(C) the original use of which commences with the taxpayer,

''(D) which is acquired for use or lease by the taxpayer and not for resale, and

''(E) which is made by a manufacturer.

''(c) NEW ADVANCED LEAN BURN TECHNOLOGY MOTOR VEHICLE CREDIT.—

''(1) IN GENERAL.—For purposes of subsection (a), the new advanced lean burn technology motor vehicle credit determined under this subsection with respect to a new advanced lean burn technology motor vehicle placed in service by the taxpayer during the taxable year is the credit amount determined under paragraph (2).

''(2) CREDIT AMOUNT.—

''(A) FUEL ECONOMY.—

''(i) IN GENERAL.—The credit amount determined under this paragraph shall be determined in accordance with the following table:

| **''In the case of a vehicle which achieves a fuel economy (expressed as a percentage of the 2002 model year city fuel economy) of—** | **The credit amount is—** |
|---|---|
| At least 125 percent but less than 150 percent | $600 |
| At least 150 percent but less than 175 percent | $1,100 |
| At least 175 percent but less than 200 percent | $1,600 |
| At least 200 percent but less than 225 percent | $2,100 |
| At least 225 percent but less than 250 percent | $2,600 |
| At least 250 percent | $3,100. |

''(ii) 2002 MODEL YEAR CITY FUEL ECONOMY.—For purposes of clause (i), the 2002 model year city fuel economy with respect to a vehicle shall be determined on a gasoline gallon equivalent basis as determined by the Administrator of the Environmental Protection Agency using the tables provided in subsection (b)(2)(B) with respect to such vehicle.

''(B) CONSERVATION CREDIT.—The amount determined under subparagraph (A) with respect to a new advanced lean burn technology motor vehicle shall be increased by

the conservation credit amount determined in accordance with the following table:

| "In the case of a vehicle which achieves a lifetime fuel savings (expressed in gallons of gasoline) of— | The conservation credit amount is— |
|---|---|
| At least 1,200 but less than 1,800 .. | $700 |
| At least 1,800 but less than 2,400 .. | $1,200 |
| At least 2,400 but less than 3,000 .. | $1,700 |
| At least 3,000 ..... | $2,200. |

''(C) OPTION TO USE LIKE VEHICLE.—At the option of the vehicle manufacturer, the increase for fuel efficiency and conservation credit may be calculated by comparing the new qualified advanced lean burn technology motor vehicle to a like vehicle.

''(3) NEW ADVANCED LEAN BURN TECHNOLOGY MOTOR VEHICLE.—For purposes of this subsection, the term 'new advanced lean burn technology motor vehicle' means a passenger automobile or a light truck—

''(A) with an internal combustion engine which—

''(i) is designed to operate primarily using more air than is necessary for complete combustion of the fuel,

''(ii) incorporates direct injection,

''(iii) achieves at least 125 percent of the 2002 model year city fuel economy,

''(iv) for 2004 and later model vehicles, has received a certificate that such vehicle meets or exceeds—

''(I) in the case of a vehicle having a gross vehicle weight rating of 6,000 pounds or less, the Bin 5 Tier II emission standard established in regulations prescribed by the Administrator of the Environmental Protection Agency under section 202(i) of the Clean Air Act for that make and model year vehicle, and

''(II) in the case of a vehicle having a gross vehicle weight rating of more than 6,000 pounds but not more than 8,500 pounds, the Bin 8 Tier II emission standard which is so established.

''(B) the original use of which commences with the taxpayer,

''(C) which is acquired for use or lease by the taxpayer and not for resale, and

''(D) which is made by a manufacturer.

''(4) LIKE VEHICLE.—The term 'like vehicle' for a new qualified advanced lean burn technology motor vehicle derived from a conventional production vehicle produced in the same model year means a model that is equivalent in the following areas:

''(A) Body style (2-door or 4-door),

''(B) Transmission (automatic or manual),

''(C) Acceleration performance (± 0.05 seconds).

''(D) Drivetrain (2-wheel drive or 4-wheel drive).

''(E) Certification by the Administrator of the Environmental Protection Agency.

''(5) LIFETIME FUEL SAVINGS.—For purposes of this subsection, the term 'lifetime fuel savings' means, in the case of any new advanced lean burn technology motor vehicle, an amount equal to the excess (if any) of—

''(A) 120,000 divided by the 2002 model year city fuel economy for the vehicle inertia weight class, over

''(B) 120,000 divided by the city fuel economy for such vehicle.

''(d) NEW QUALIFIED HYBRID MOTOR VEHICLE CREDIT.—

''(1) IN GENERAL.—For purposes of subsection (a), the new qualified hybrid motor vehicle credit determined under this subsection with respect to a new qualified hybrid motor vehicle placed in service by the taxpayer during the taxable year is the credit amount determined under paragraph (2) or (3).

''(2) CREDIT AMOUNT FOR LIGHTER VEHICLES.—In the case of a new qualified hybrid motor vehicle which is a passenger automobile, medium duty passenger vehicle, or light truck, the credit amount determined under this paragraph is equal to the sum of following amounts:

''(A) FUEL ECONOMY.—The amount which would be determined under subsection (c)(2)(A) if such vehicle were a vehicle referred to in such subsection.

''(B) CONSERVATION CREDIT.—The amount which would be determined under subsection (c)(2)(B) if such vehicle were a vehicle referred to in such subsection.

''(iii) OPTION TO USE LIKE VEHICLE.—For purposes of clause (i), at the option of the vehicle manufacturer, the increase for fuel efficiency and conservation credit may be calculated by comparing the new qualified hybrid motor vehicle to a like vehicle (as defined in subsection (c)(4)).

''(3) CREDIT AMOUNT FOR HEAVIER VEHICLES.—

''(A) IN GENERAL.—In the case of a new qualified hybrid motor vehicle which is a heavy duty hybrid motor vehicle, the credit amount determined under this paragraph is an amount equal to the applicable percentage of the incremental cost of such vehicle placed in service by the taxpayer during the taxable year.

''(B) INCREMENTAL COST.—For purposes of this paragraph, the incremental cost of any heavy duty hybrid motor vehicle is equal to the amount of the excess of the manufacturer's suggested retail price for such vehicle over such price for a comparable gasoline or diesel fuel motor vehicle of the same model, to the extent such amount does not exceed—

''(i) $7,500, if such vehicle has a gross vehicle weight rating of more than 8,500 pounds but not more than 14,000 pounds,

''(ii) $15,000, if such vehicle has a gross vehicle weight rating of more than 14,000 pounds but not more than 26,000 pounds, and

''(iii) $30,000, if such vehicle has a gross vehicle weight rating of more than 26,000 pounds.

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

| "If percent increase in fuel economy of hybrid over comparable vehicle is: | The applicable percentage is: |
|---|---|
| At least 30 but less than 40 percent ..... | 20 percent. |
| At least 40 but less than 50 percent ..... | 30 percent. |
| At least 50 percent ..... | 40 percent. |

''(4) NEW QUALIFIED HYBRID MOTOR VEHICLE.—For purposes of this subsection—

''(A) IN GENERAL.—The term 'new qualified hybrid motor vehicle' means a motor vehicle—

''(i) which draws propulsion energy from onboard sources of stored energy which are both—

''(I) an internal combustion or heat engine using consumable fuel, and

''(II) a rechargeable energy storage system,

''(ii) which, in the case of a passenger automobile, medium duty passenger vehicle, or light truck—

''(I) having a gross vehicle weight rating of 6,000 pounds or less, has received a certificate that such vehicle meets or exceeds the Bin 5 Tier II emission level established in regulations prescribed by the Administrator of the Environmental Protection Agency under section 202(i) of the Clean Air Act for that make and model year vehicle,

''(II) having a gross vehicle weight rating of more than 6,000 pounds but not more than 8,500 pounds, has received a certificate that such vehicle meets or exceeds the Bin 8 Tier II emission standard which is so established,

''(III) has received a certificate of conformity under the Clean Air Act and meets or exceeds the equivalent qualifying California low emission vehicle standard under section 243(e)(2) of the Clean Air Act for that make and model year, and

''(IV) has a maximum available power of at least 5 percent,

''(iii) which, in the case of a heavy duty hybrid motor vehicle—

''(I) having a gross vehicle weight rating of more than 8,500 but not more than 14,000 pounds, has a maximum available power of at least 10 percent, and

''(II) having a gross vehicle weight rating of more than 14,000 pounds, has a maximum available power of at least 15 percent,

''(iv) the original use of which commences with the taxpayer,

''(v) which is acquired for use or lease by the taxpayer and not for resale, and

''(vi) which is made by a manufacturer.

''(B) CONSUMABLE FUEL.—For purposes of subparagraph (A)(i)(I), the term 'consumable fuel' means any solid, liquid, or gaseous matter which releases energy when consumed by an auxiliary power unit.

''(C) MAXIMUM AVAILABLE POWER.—

''(i) PASSENGER AUTOMOBILE, MEDIUM DUTY PASSENGER VEHICLE, OR LIGHT TRUCK.—For purposes of subparagraph (A)(ii)(II), the term 'maximum available power' means the maximum power available from the rechargeable energy storage system, during a standard 10 second pulse power or equivalent test, divided by such maximum power and the SAE net power of the heat engine.

''(ii) HEAVY DUTY HYBRID MOTOR VEHICLE.—For purposes of subparagraph (A)(iii), the term 'maximum available power' means the maximum power available from the rechargeable energy storage system, during a standard 10 second pulse power or equivalent test, divided by the vehicle's total traction power. The term 'total traction power' means the sum of the peak power from the rechargeable energy storage system and the heat engine peak power of the vehicle, except that if such storage system is the sole means by which the vehicle can be driven, the total traction power is the peak power of such storage system.

''(4) HEAVY DUTY HYBRID MOTOR VEHICLE.—For purposes of this subsection, the term 'heavy duty hybrid motor vehicle' means a new qualified hybrid motor vehicle which has a gross vehicle weight rating of more than 8,500 pounds. Such term does not include a medium duty passenger vehicle.

''(e) NEW QUALIFIED ALTERNATIVE FUEL MOTOR VEHICLE CREDIT.—

''(1) ALLOWANCE OF CREDIT.—Except as provided in paragraph (5), the new qualified alternative fuel motor vehicle credit determined under this subsection is an amount equal to the applicable percentage of the incremental cost of any new qualified alternative fuel motor vehicle placed in service by the taxpayer during the taxable year.

''(2) APPLICABLE PERCENTAGE.—For purposes of paragraph (1), the applicable percentage with respect to any new qualified alternative fuel motor vehicle is—

''(A) 50 percent, plus

''(B) 30 percent, if such vehicle—

''(i) has received a certificate of conformity under the Clean Air Act and meets or exceeds the most stringent standard available for certification under the Clean Air Act for that make and model year vehicle (other than a zero emission standard), or

''(ii) has received an order certifying the vehicle as meeting the same requirements as vehicles which may be sold or leased in California and meets or exceeds the most stringent standard available for certification under the State laws of California (enacted in accordance with a waiver granted under section 209(b) of the Clean Air Act) for that

make and model year vehicle (other than a zero emission standard).

For purposes of the preceding sentence, in the case of any new qualified alternative fuel motor vehicle which weighs more than 14,000 pounds gross vehicle weight rating, the most stringent standard available shall be such standard available for certification on the date of the enactment of the Energy Tax Incentives Act.

''(3) INCREMENTAL COST.—For purposes of this subsection, the incremental cost of any new qualified alternative fuel motor vehicle is equal to the amount of the excess of the manufacturer's suggested retail price for such vehicle over such price for a gasoline or diesel fuel motor vehicle of the same model, to the extent such amount does not exceed—

''(A) $5,000, if such vehicle has a gross vehicle weight rating of not more than 8,500 pounds,

''(B) $10,000, if such vehicle has a gross vehicle weight rating of more than 8,500 pounds but not more than 14,000 pounds,

''(C) $25,000, if such vehicle has a gross vehicle weight rating of more than 14,000 pounds but not more than 26,000 pounds, and

''(D) $40,000, if such vehicle has a gross vehicle weight rating of more than 26,000 pounds.

''(4) NEW QUALIFIED ALTERNATIVE FUEL MOTOR VEHICLE.—For purposes of this subsection—

''(A) IN GENERAL.—The term 'new qualified alternative fuel motor vehicle' means any motor vehicle—

''(i) which is only capable of operating on an alternative fuel,

''(ii) the original use of which commences with the taxpayer,

''(iii) which is acquired by the taxpayer for use or lease, but not for resale, and

''(iv) which is made by a manufacturer.

''(B) ALTERNATIVE FUEL.—The term 'alternative fuel' means compressed natural gas, liquefied natural gas, liquefied petroleum gas, hydrogen, and any liquid at least 85 percent of the volume of which consists of methanol.

''(5) CREDIT FOR MIXED-FUEL VEHICLES.—

''(A) IN GENERAL.—In the case of a mixed-fuel vehicle placed in service by the taxpayer during the taxable year, the credit determined under this subsection is an amount equal to—

''(i) in the case of a 75/25 mixed-fuel vehicle, 70 percent of the credit which would have been allowed under this subsection if such vehicle was a qualified alternative fuel motor vehicle, and

''(ii) in the case of a 90/10 mixed-fuel vehicle, 90 percent of the credit which would have been allowed under this subsection if such vehicle was a qualified alternative fuel motor vehicle.

''(B) MIXED-FUEL VEHICLE.—For purposes of this subsection, the term 'mixed-fuel vehicle' means any motor vehicle described in subparagraph (C) or (D) of paragraph (3), which—

''(i) is certified by the manufacturer as being able to perform efficiently in normal operation on a combination of an alternative fuel and a petroleum-based fuel,

''(ii) either—

''(I) has received a certificate of conformity under the Clean Air Act, or

''(II) has received an order certifying the vehicle as meeting the same requirements as vehicles which may be sold or leased in California and meets or exceeds the low emission vehicle standard under section 88.105–94 of title 40, Code of Federal Regulations, for that make and model year vehicle,

''(iii) the original use of which commences with the taxpayer,

''(iv) which is acquired by the taxpayer for use or lease, but not for resale, and

''(v) which is made by a manufacturer.

''(C) 75/25 MIXED-FUEL VEHICLE.—For purposes of this subsection, the term '75/25 mixed-fuel vehicle' means a mixed-fuel vehicle which operates using at least 75 percent alternative fuel and not more than 25 percent petroleum-based fuel.

''(D) 90/10 MIXED-FUEL VEHICLE.—For purposes of this subsection, the term '90/10 mixed-fuel vehicle' means a mixed-fuel vehicle which operates using at least 90 percent alternative fuel and not more than 10 percent petroleum-based fuel.

''(f) LIMITATION ON NUMBER OF NEW QUALIFIED HYBRID AND ADVANCED LEAN-BURN TECHNOLOGY VEHICLES ELIGIBLE FOR CREDIT.—

''(1) IN GENERAL.—In the case of a qualified vehicle sold during the phaseout period, only the applicable percentage of the credit otherwise allowable under subsection (c) or (d) shall be allowed.

''(2) PHASEOUT PERIOD.—For purposes of this subsection, the phaseout period is the period beginning with the second calendar quarter following the calendar quarter which includes the first date on which the number of qualified vehicles manufactured by the manufacturer of the vehicle referred to in paragraph (1) sold for use in the United States after the date of the enactment of this section is at least 80,000.

''(3) APPLICABLE PERCENTAGE.—For purposes of paragraph (1), the applicable percentage is—

''(A) 50 percent for the first 2 calendar quarters of the phaseout period,

''(B) 25 percent for the 3d and 4th calendar quarters of the phaseout period, and

''(C) 0 percent for each calendar quarter thereafter.

''(4) CONTROLLED GROUPS.—

''(A) IN GENERAL.—For purposes of this subsection, all persons treated as a single employer under subsection (a) or (b) of section 52 or subsection (m) or (o) of section 414 shall be treated as a single manufacturer.

''(B) INCLUSION OF FOREIGN CORPORATIONS.—For purposes of subparagraph (A), in applying subsections (a) and (b) of section 52 to this section, section 1563 shall be applied without regard to subsection (b)(2)(C) thereof.

''(5) QUALIFIED VEHICLE.—For purposes of this subsection, the term 'qualified vehicle' means any new qualified hybrid motor vehicle and any new advanced lean burn technology motor vehicle.

''(g) APPLICATION WITH OTHER CREDITS.—The credit allowed under subsection (a) for any taxable year shall not exceed the excess (if any) of—

''(1) the regular tax for the taxable year reduced by the sum of the credits allowable under subpart A and sections 27, 29, and 30, over

''(2) the tentative minimum tax for the taxable year.

''(h) OTHER DEFINITIONS AND SPECIAL RULES.—For purposes of this section—

''(1) MOTOR VEHICLE.—The term 'motor vehicle' has the meaning given such term by section 30(c)(2).

''(2) CITY FUEL ECONOMY.—The city fuel economy with respect to any vehicle shall be measured in a manner which is substantially similar to the manner city fuel economy is measured in accordance with procedures under part 600 of subchapter Q of chapter I of title 40, Code of Federal Regulations, as in effect on the date of the enactment of this section.

''(3) OTHER TERMS.—The terms 'automobile', 'passenger automobile', 'medium duty passenger vehicle', 'light truck', and 'manufacturer' have the meanings given such terms in regulations prescribed by the Administrator of the Environmental Protection Agency for purposes of the administration of title II of the Clean Air Act (42 U.S.C. 7521 et seq.).

''(4) REDUCTION IN BASIS.—For purposes of this subtitle, the basis of any property for which a credit is allowable under subsection (a) shall be reduced by the amount of such credit so allowed (determined without regard to subsection (e)).

''(5) NO DOUBLE BENEFIT.—The amount of any deduction or other credit allowable under this chapter—

''(A) for any incremental cost taken into account in computing the amount of the credit determined under subsection (e) shall be reduced by the amount of such credit attributable to such cost, and

''(B) with respect to a vehicle described under subsection (b), (c), or (d) shall be reduced by the amount of credit allowed under subsection (a) for such vehicle for the taxable year.

''(6) PROPERTY USED BY TAX-EXEMPT ENTITY.—In the case of a vehicle whose use is described in paragraph (3) or (4) of section 50(b) and which is not subject to a lease, the person who sold such vehicle to the person or entity using such vehicle shall be treated as the taxpayer that placed such vehicle in service, but only if such person clearly discloses to such person or entity in a document the amount of any credit allowable under subsection (a) with respect to such vehicle (determined without regard to subsection (g)).

''(7) PROPERTY USED OUTSIDE UNITED STATES, ETC., NOT QUALIFIED.—No credit shall be allowable under subsection (a) with respect to any property referred to in section 50(b)(1) or with respect to the portion of the cost of any property taken into account under section 179.

''(8) RECAPTURE.—The Secretary shall, by regulations, provide for recapturing the benefit of any credit allowable under subsection (a) with respect to any property which ceases to be property eligible for such credit (including recapture in the case of a lease period of less than the economic life of a vehicle).

''(9) ELECTION TO NOT TAKE CREDIT.—No credit shall be allowed under subsection (a) for any vehicle if the taxpayer elects to not have this section apply to such vehicle.

''(10) CARRYBACK AND CARRYFORWARD ALLOWED.—

''(A) IN GENERAL.—If the credit allowable under subsection (a) for a taxable year exceeds the amount of the limitation under subsection (g) for such taxable year (in this paragraph referred to as the 'unused credit year'), such excess shall be a credit carryback to each of the 3 taxable years preceding the unused credit year and a credit carryforward to each of the 20 taxable years following the unused credit year, except that no excess may be carried to a taxable year beginning before the date of the enactment of this section. The preceding sentence shall not apply to any credit carryback if such credit carryback is attributable to property for which a deduction for depreciation is not allowable.

''(B) RULES.—Rules similar to the rules of section 39 shall apply with respect to the credit carryback and credit carryforward under subparagraph (A).

''(11) INTERACTION WITH AIR QUALITY AND MOTOR VEHICLE SAFETY STANDARDS.—Unless otherwise provided in this section, a motor vehicle shall not be considered eligible for a credit under this section unless such vehicle is in compliance with—

''(A) the applicable provisions of the Clean Air Act for the applicable make and model year of the vehicle (or applicable air quality provisions of State law in the case of a State which has adopted such provision under a

waiver under section 209(b) of the Clean Air Act), and

''(B) the motor vehicle safety provisions of sections 30101 through 30169 of title 49, United States Code.

''(g) REGULATIONS.—

''(1) IN GENERAL.—Except as provided in paragraph (2), the Secretary shall promulgate such regulations as necessary to carry out the provisions of this section.

''(2) COORDINATION IN PRESCRIPTION OF CERTAIN REGULATIONS.—The Secretary of the Treasury, in coordination with the Secretary of Transportation and the Administrator of the Environmental Protection Agency, shall prescribe such regulations as necessary to determine whether a motor vehicle meets the requirements to be eligible for a credit under this section.

''(h) TERMINATION.—This section shall not apply to any property purchased after—

''(1) in the case of a new qualified fuel cell motor vehicle (as described in subsection (b)), December 31, 2015,

''(2) in the case of a new advanced lean burn technology motor vehicle (as described in subsection (c)) or a new qualified hybrid motor vehicle (as described in subsection (d)), December 31, 2009, and

''(3) in the case of a new qualified alternative fuel vehicle (as described in subsection (e)), December 31, 2010.''.

(b) CONFORMING AMENDMENTS.—

(1) Section 1016(a), as amended by this Act, is amended by striking ''and'' at the end of paragraph (35), by striking the period at the end of paragraph (36) and inserting '', and'', and by adding at the end the following new paragraph:

''(37) to the extent provided in section 30B(h)(4).''.

(2) Section 55(c)(2), as amended by this Act, is amended by inserting ''30B(g),'' after ''30(b)(2),''.

(3) Section 6501(m) is amended by inserting ''30B(h)(9),'' after ''30(d)(4),''.

(4) The table of sections for subpart B of part IV of subchapter A of chapter 1 is amended by inserting after the item relating to section 30A the following new item:

''Sec. 30B. Alternative motor vehicle credit.''.

(c) EFFECTIVE DATE.—The amendments made by this section shall apply to property placed in service after the date of the enactment of this Act, in taxable years ending after such date.

(d) STICKER INFORMATION REQUIRED AT RETAIL SALE.—

(1) IN GENERAL.—The Secretary of the Treasury shall issue regulations under which each qualified vehicle sold at retail shall display a notice—

(A) that such vehicle is a qualified vehicle, and

(B) that the buyer may not benefit from the credit allowed under section 30B of the Internal Revenue Code of 1986 if such buyer has insufficient tax liability.

(2) QUALIFIED VEHICLE.—For purposes of paragraph (1), the term ''qualified vehicle'' means a vehicle with respect to which a credit is allowed under section 30B of the Internal Revenue Code of 1986.

(e) NONAPPLICATION OF SECTION .—Notwithstanding any other provision of this Act, the provisions of, and amendments made by, section 1531 of this Act shall be null and void.

**SEC. 1702. CREDIT FOR INSTALLATION OF ALTERNATIVE FUEL REFUELING STATIONS.**

(a) IN GENERAL.—Subpart B of part IV of subchapter A of chapter 1 (relating to foreign tax credit, etc.), as amended by this Act, is amended by adding at the end the following new section:

**''SEC. 30C. ALTERNATIVE FUEL VEHICLE REFUELING PROPERTY CREDIT.**

''(a) CREDIT ALLOWED.—There shall be allowed as a credit against the tax imposed by this chapter for the taxable year an amount equal to 50 percent of the cost of any qualified alternative fuel vehicle refueling property placed in service by the taxpayer during the taxable year.

''(b) LIMITATION.—The credit allowed under subsection (a) with respect to any alternative fuel vehicle refueling property shall not exceed—

''(1) $50,000 in the case of a property of a character subject to an allowance for depreciation, and

''(2) $1,000 in any other case.

''(c) QUALIFIED ALTERNATIVE FUEL VEHICLE REFUELING PROPERTY.—For purposes of this section—

''(1) IN GENERAL.—Except as provided in paragraph (2), the term 'qualified alternative fuel vehicle refueling property' has the meaning given to such term by section 179A(d), but only with respect to any fuel at least 85 percent of the volume of which consists of ethanol, natural gas, compressed natural gas, liquefied natural gas, liquefied petroleum gas, and hydrogen.

''(2) RESIDENTIAL PROPERTY.—In the case of any property installed on property which is used as the principal residence (within the meaning of section 121) of the taxpayer, paragraph (1) of section 179A(d) shall not apply.

''(d) APPLICATION WITH OTHER CREDITS.—The credit allowed under subsection (a) for any taxable year shall not exceed the excess (if any) of—

''(1) the regular tax for the taxable year reduced by the sum of the credits allowable under subpart A and sections 27, 29, 30, and 30B, over

''(2) the tentative minimum tax for the taxable year.

''(e) CARRYFORWARD ALLOWED.—

''(1) IN GENERAL.—If the credit amount allowable under subsection (a) for a taxable year exceeds the amount of the limitation under subsection (d) for such taxable year, such excess shall be allowed as a credit carryforward for each of the 20 taxable years following the unused credit year.

''(2) RULES.—Rules similar to the rules of section 39 shall apply with respect to the credit carryforward under paragraph (1).

''(f) SPECIAL RULES.—For purposes of this section—

''(1) BASIS REDUCTION.—The basis of any property shall be reduced by the portion of the cost of such property taken into account under subsection (a).

''(2) NO DOUBLE BENEFIT.—No deduction shall be allowed under section 179A with respect to any property with respect to which a credit is allowed under subsection (a).

''(3) PROPERTY USED BY TAX-EXEMPT ENTITY.—In the case of any qualified alternative fuel vehicle refueling property the use of which is described in paragraph (3) or (4) of section 50(b) and which is not subject to a lease, the person who sold such property to the person or entity using such property shall be treated as the taxpayer that placed such property in service, but only if such person clearly discloses to such person or entity in a document the amount of any credit allowable under subsection (a) with respect to such property (determined without regard to subsection (d)).

''(4) PROPERTY USED OUTSIDE UNITED STATES NOT QUALIFIED.—No credit shall be allowable under subsection (a) with respect to any property referred to in section 50(b)(1) or with respect to the portion of the cost of any property taken into account under section 179.

''(5) ELECTION NOT TO TAKE CREDIT.—No credit shall be allowed under subsection (a) for any property if the taxpayer elects not to have this section apply to such property.

''(6) RECAPTURE RULES.—Rules similar to the rules of section 179A(e)(4) shall apply.

''(g) REGULATIONS.—The Secretary shall prescribe such regulations as necessary to carry out the provisions of this section.

''(h) TERMINATION.—This section shall not apply to any property placed in service—

''(1) in the case of property relating to hydrogen, after December 31, 2014, and

''(2) in the case of any other property, after December 31, 2009.''.

(b) MODIFICATIONS TO EXTENSION OF DEDUCTION FOR CERTAIN REFUELING PROPERTY.—

(1) INCREASE IN DEDUCTION FOR HYDROGEN INFRASTRUCTURE.—Section 179A(b)(2)(A)(i) is amended by inserting ''($200,000 in the case of property relating to hydrogen)'' after ''$100,000''.

(2) EXTENSION OF DEDUCTION.—Subsection (f) of section 179A is amended to read as follows:

''(f) TERMINATION.—This section shall not apply to any property placed in service—

''(1) in the case of property relating to hydrogen, after December 31, 2014, and

''(2) in the case of any other property, after December 31, 2009.''.

(c) INCENTIVE FOR PRODUCTION OF HYDROGEN AT QUALIFIED CLEAN-FUEL VEHICLE REFUELING PROPERTY.—Section 179A(d) (defining qualified clean-fuel vehicle refueling property) is amended by adding at the end the following new flush sentence:

''In the case of clean-burning fuel which is hydrogen produced from another clean-burning fuel, paragraph (3)(A) shall be applied by substituting 'production, storage, or dispensing' for 'storage or dispensing' both places it appears.''.

(d) CONFORMING AMENDMENTS.—

(1) Section 1016(a), as amended by this Act, is amended by striking ''and'' at the end of paragraph (36), by striking the period at the end of paragraph (37) and inserting '', and'', and by adding at the end the following new paragraph:

''(38) to the extent provided in section 30C(f).''.

(2) Section 55(c)(2), as amended by this Act, is amended by inserting ''30C(e),'' after ''30B(e),''.

(3) Section 6501(m) is amended by inserting ''30C(f)(5),'' after ''30B(f)(9),''.

(4) The table of sections for subpart B of part IV of subchapter A of chapter 1, as amended by this Act, is amended by inserting after the item relating to section 30B the following new item:

''Sec. 30C. Clean-fuel vehicle refueling property credit.''.

(e) EFFECTIVE DATE.—The amendments made by this section shall apply to property placed in service after December 31, 2005, in taxable years ending after such date.

(f) NONAPPLICATION OF SECTION.—Notwithstanding any other provision of this Act, the provisions of, and amendments made by, section 1533 of this Act shall be null and void.

**Subtitle B—Revenue Offset Provisions**

**PART I—GENERAL PROVISIONS**

**SEC. 1711. TREATMENT OF CONTINGENT PAYMENT CONVERTIBLE DEBT INSTRUMENTS.**

(a) IN GENERAL.—Section 1275(d) (relating to regulation authority) is amended—

(1) by striking ''The Secretary'' and inserting the following:

''(1) IN GENERAL.—The Secretary'', and

(2) by adding at the end the following new paragraph:

''(2) TREATMENT OF CONTINGENT PAYMENT CONVERTIBLE DEBT.—

''(A) IN GENERAL.—In the case of a debt instrument which—

''(i) is convertible into stock of the issuing corporation, into stock or debt of a related party (within the meaning of section 267(b) or 707(b)(1)), or into cash or other property in an amount equal to the approximate value of such stock or debt, and

''(ii) provides for contingent payments,

any regulations which require original issue discount to be determined by reference to the comparable yield of a noncontingent fixed-rate debt instrument shall be applied as if the regulations require that such comparable yield be determined by reference to a noncontingent fixed-rate debt instrument which is convertible into stock.

''(B) SPECIAL RULE.—For purposes of subparagraph (A), the comparable yield shall be determined without taking into account the yield resulting from the conversion of a debt instrument into stock.''.

(b) CROSS REFERENCE.—Section 163(e)(6) (relating to cross references) is amended by adding at the end the following:

''For the treatment of contingent payment convertible debt, see section 1275(d)(2).''.

(c) EFFECTIVE DATE.—The amendments made by this section shall apply to debt instruments issued on or after the date of the enactment of this Act.

**SEC. 1712. 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:

''(e) 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. 1713. INCREASE IN CERTAIN CRIMINAL PENALTIES.**

(a) IN GENERAL.—Section 7206 (relating to fraud and false statements) is amended—

(1) by striking ''Any person who—'' and inserting ''(a) IN GENERAL.—Any person who—'', and

(2) by adding at the end the following new subsection:

''(b) INCREASE IN MONETARY LIMITATION FOR UNDERPAYMENT OR OVERPAYMENT OF TAX DUE TO FRAUD.—If any portion of any underpayment (as defined in section 6664(a)) or overpayment (as defined in section 6401(a)) of tax required to be shown on a return is attributable to fraudulent action described in subsection (a), the applicable dollar amount under subsection (a) shall in no event be less than an amount equal to such portion. A rule similar to the rule under section 6663(b) shall apply for purposes of determining the portion so attributable.''.

(b) INCREASE IN PENALTIES.—

(1) ATTEMPT TO EVADE OR DEFEAT TAX.—Section 7201 is amended—

(A) by striking ''$100,000'' and inserting ''$500,000'',

(B) by striking ''$500,000'' and inserting ''$1,000,000'', and

(C) by striking ''5 years'' and inserting ''10 years''.

(2) WILLFUL FAILURE TO FILE RETURN, SUPPLY INFORMATION, OR PAY TAX.—Section 7203 is amended—

(A) in the first sentence—

(i) by striking ''Any person'' and inserting the following:

''(a) IN GENERAL.—Any person'', and

(ii) by striking ''$25,000'' and inserting ''$50,000'',

(B) in the third sentence, by striking ''section'' and inserting ''subsection'', and

(C) by adding at the end the following new subsection:

''(b) AGGRAVATED FAILURE TO FILE.—

''(1) IN GENERAL.—In the case of any failure described in paragraph (2), the first sentence of subsection (a) shall be applied by substituting—

''(A) 'felony' for 'misdemeanor',

''(B) '$500,000 ($1,000,000' for '$25,000 ($100,000', and

''(C) '10 years' for '1 year'.

''(2) FAILURE DESCRIBED.—A failure described in this paragraph is a failure to make a return described in subsection (a) for a period of 3 or more consecutive taxable years and the aggregated tax liability for such period is at least $100,000.''.

(3) FRAUD AND FALSE STATEMENTS.—Section 7206(a) (as redesignated by subsection (a)) is amended—

(A) by striking ''$100,000'' and inserting ''$500,000'',

(B) by striking ''$500,000'' and inserting ''$1,000,000'', and

(C) by striking ''3 years'' and inserting ''5 years''.

(c) EFFECTIVE DATE.—The amendments made by this section shall apply to actions, and failures to act, occurring after the date of the enactment of this Act.

**SEC. 1714. DOUBLING OF CERTAIN PENALTIES, FINES, AND INTEREST ON UNDERPAYMENTS RELATED TO CERTAIN OFFSHORE FINANCIAL ARRANGEMENTS.**

(a) DETERMINATION OF PENALTY.—

(1) IN GENERAL.—Notwithstanding any other provision of law, in the case of an applicable taxpayer—

(A) the determination as to whether any interest or applicable penalty is to be imposed with respect to any arrangement described in paragraph (2), or to any underpayment of Federal income tax attributable to items arising in connection with any such arrangement, shall be made without regard to the rules of subsections (b), (c), and (d) of section 6664 of the Internal Revenue Code of 1986, and

(B) if any such interest or applicable penalty is imposed, the amount of such interest or penalty shall be equal to twice that determined without regard to this section.

(2) APPLICABLE TAXPAYER.—For purposes of this subsection—

(A) IN GENERAL.—The term ''applicable taxpayer'' means a taxpayer which—

(i) has underreported its United States income tax liability with respect to any item which directly or indirectly involves—

(I) any financial arrangement which in any manner relies on the use of offshore payment mechanisms (including credit, debit, or charge cards) issued by banks or other entities in foreign jurisdictions, or

(II) any offshore financial arrangement (including any arrangement with foreign banks, financial institutions, corporations, partnerships, trusts, or other entities), and

(ii) has not signed a closing agreement pursuant to the Voluntary Offshore Compliance Initiative established by the Department of the Treasury under Revenue Procedure 2003-11 or voluntarily disclosed its participation in such arrangement by notifying the Internal Revenue Service of such arrangement prior to the issue being raised by the Internal Revenue Service during an examination.

(B) AUTHORITY TO WAIVE.—The Secretary of the Treasury or the Secretary's delegate may waive the application of paragraph (1) to any taxpayer if the Secretary or the Secretary's delegate determines that the use of such offshore payment mechanisms is incidental to the transaction and, in addition, in the case of a trade or business, such use is conducted in the ordinary course of the trade or business of the taxpayer.

(C) ISSUES RAISED.—For purposes of subparagraph (A)(ii), an item shall be treated as an issue raised during an examination if the individual examining the return—

(i) communicates to the taxpayer knowledge about the specific item, or

(ii) has made a request to the taxpayer for information and the taxpayer could not make a complete response to that request without giving the examiner knowledge of the specific item.

(b) DEFINITIONS AND RULES.—For purposes of this section—

(1) APPLICABLE PENALTY.—The term ''applicable penalty'' means any penalty, addition to tax, or fine imposed under chapter 68 of the Internal Revenue Code of 1986.

(2) FEES AND EXPENSES.—The Secretary of the Treasury may retain and use an amount not in excess of 25 percent of all additional interest, penalties, additions to tax, and fines collected under this section to be used for enforcement and collection activities of the Internal Revenue Service. The Secretary shall keep adequate records regarding amounts so retained and used. The amount credited as paid by any taxpayer shall be determined without regard to this paragraph.

(c) REPORT BY SECRETARY.—The Secretary shall each year conduct a study and report to Congress on the implementation of this section during the preceding year, including statistics on the number of taxpayers affected by such implementation and the amount of interest and applicable penalties asserted, waived, and assessed during such preceding year.

(d) EFFECTIVE DATE.—The provisions of this section shall apply to interest, penalties, additions to tax, and fines with respect to any taxable year if, as of the date of the enactment of this Act, the assessment of any tax, penalty, or interest with respect to such taxable year is not prevented by the operation of any law or rule of law.

**SEC. 1715. MODIFICATION OF INTERACTION BETWEEN SUBPART F AND PASSIVE FOREIGN INVESTMENT COMPANY RULES.**

(a) LIMITATION ON EXCEPTION FROM PFIC RULES FOR UNITED STATES SHAREHOLDERS OF CONTROLLED FOREIGN CORPORATIONS.—Paragraph (2) of section 1297(e) (relating to passive foreign investment company) is amended by adding at the end the following flush sentence:

''Such term shall not include any period if the earning of subpart F income by such corporation during such period would result in only a remote likelihood of an inclusion in gross income under section 951(a)(1)(A)(i).''.

(b) EFFECTIVE DATE.—The amendment made by this section shall apply to taxable years of controlled foreign corporations beginning after March 2, 2005, and to taxable years of United States shareholders with or within which such taxable years of controlled foreign corporations end.

**SEC. 1716. DECLARATION BY CHIEF EXECUTIVE OFFICER RELATING TO FEDERAL ANNUAL CORPORATE INCOME TAX RETURN.**

(a) IN GENERAL.—The Federal annual tax return of a corporation with respect to income shall also include a declaration signed by the chief executive officer of such corporation (or other such officer of the corporation as the Secretary of the Treasury may designate if the corporation does not have a chief executive officer), under penalties of perjury, that the corporation has in place processes and procedures that ensure that such return complies with the Internal Revenue Code of 1986 and that the chief executive officer was provided reasonable assurance of the accuracy of all material aspects of such return. The preceding sentence shall not apply to any return of a regulated investment company (within the meaning of section 851 of such Code).

(b) EFFECTIVE DATE.—This section shall apply to Federal annual tax returns for taxable years ending after the date of the enactment of this Act.

**SEC. 1717. TREASURY REGULATIONS ON FOREIGN TAX CREDIT.**

(a) IN GENERAL.—Section 901 (relating to taxes of foreign countries and of possessions of United States) is amended by redesignating subsection (m) as subsection (n) and by inserting after subsection (l) the following new subsection:

''(m) REGULATIONS.—The Secretary may prescribe regulations disallowing a credit under subsection (a) for all or a portion of any foreign tax, or allocating a foreign tax among 2 or more persons, in cases where the foreign tax is imposed on any person in respect of income of another person or in other cases involving the inappropriate separation of the foreign tax from the related foreign income.''.

(b) EFFECTIVE DATE.—The amendments made by this section shall apply to transactions entered into after the date of the enactment of this Act.

**SEC. 1718. WHISTLEBLOWER REFORMS.**

(a) IN GENERAL.—Section 7623 (relating to expenses of detection of underpayments and fraud, etc.) is amended—

(1) by striking ''The Secretary'' and inserting ''(a) IN GENERAL.—The Secretary'',

(2) by striking ''and'' at the end of paragraph (1) and inserting ''or'',

(3) by striking ''(other than interest)'', and

(4) by adding at the end the following new subsections:

''(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) shall be subject to the filing by the individual described in such paragraph of a petition for review with the Tax Court under rules similar to the rules under section 7463 (without regard to the amount in dispute) and such review shall be subject to the rules under section 7461(b)(1).

''(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 $20,000.

''(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) AWARD NOT SUBJECT TO INDIVIDUAL ALTERNATIVE MINIMUM TAX.—No award received

under this subsection shall be included in gross income for purposes of determining alternative minimum taxable income.

''(c) WHISTLEBLOWER OFFICE.—

''(1) IN GENERAL.—There is established in the Internal Revenue Service an office to be known as the 'Whistleblower Office' which—

''(A) shall at all times operate at the direction of the Commissioner and coordinate and consult with other divisions in the Internal Revenue Service as directed by the Commissioner,

''(B) shall analyze information received from any individual described in subsection (b) and either investigate the matter itself or assign it to the appropriate Internal Revenue Service office,

''(C) shall monitor any action taken with respect to such matter,

''(D) shall inform such individual that it has accepted the individual's information for further review,

''(E) may require such individual and any legal representative of such individual to not disclose any information so provided,

''(F) in its sole discretion, may ask for additional assistance from such individual or any legal representative of such individual, and

''(G) shall determine the amount to be awarded to such individual under subsection (b).

''(2) FUNDING FOR OFFICE.—There is authorized to be appropriated $10,000,000 for each fiscal year for the Whistleblower Office. These funds shall be used to maintain the Whistleblower Office and also to reimburse other Internal Revenue Service offices for related costs, such as costs of investigation and collection.

''(3) REQUEST FOR ASSISTANCE.—

''(A) IN GENERAL.—Any assistance requested under paragraph (1)(F) shall be under the direction and control of the Whistleblower Office or the office assigned to investigate the matter under subparagraph (A). To the extent the disclosure of any returns or return information to the individual or legal representative is required for the performance of such assistance, such disclosure shall be pursuant to a contract entered into between the Secretary and the recipients of such disclosure subject to section 6103(n). 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.

''(B) FUNDING OF ASSISTANCE.—From the amounts available for expenditure under subsection (b), the Whistleblower Office may, with the agreement of the individual described in subsection (b), reimburse the costs incurred by any legal representative of such individual in providing assistance described in subparagraph (A).

''(d) REPORT BY SECRETARY.—The Secretary shall each year conduct a study and report to Congress on the use of this section, including—

''(1) an analysis of the use of this section during the preceding year and the results of such use, and

''(2) any legislative or administrative recommendations regarding the provisions of this section and its application.''.

(b) EFFECTIVE DATE.—The amendments made by this section shall apply to information provided on or after the date of the enactment of this Act.

**SEC. 1719. DENIAL OF DEDUCTION FOR CERTAIN FINES, PENALTIES, AND OTHER AMOUNTS.**

(a) IN GENERAL.—Subsection (f) of section 162 (relating to trade or business expenses) is amended to read as follows:

''(f) FINES, PENALTIES, AND OTHER AMOUNTS.—

''(1) IN GENERAL.—Except as provided in paragraph (2), no deduction otherwise allowable shall be allowed under this chapter for any amount paid or incurred (whether by suit, agreement, or otherwise) to, or at the direction of, a government or entity described in paragraph (4) in relation to the violation of any law or the investigation or inquiry by such government or entity into the potential violation of any law.

''(2) EXCEPTION FOR AMOUNTS CONSTITUTING RESTITUTION.—Paragraph (1) shall not apply to any amount which—

''(A) the taxpayer establishes constitutes restitution (including remediation of property) for damage or harm caused by or which may be caused by the violation of any law or the potential violation of any law, and

''(B) is identified as restitution in the court order or settlement agreement.

Identification pursuant to subparagraph (B) alone shall not satisfy the requirement under subparagraph (A). This paragraph shall not apply to any amount paid or incurred as reimbursement to the government or entity for the costs of any investigation or litigation.

''(3) EXCEPTION FOR AMOUNTS PAID OR INCURRED AS THE RESULT OF CERTAIN COURT ORDERS.—Paragraph (1) shall not apply to any amount paid or incurred by order of a court in a suit in which no government or entity described in paragraph (4) is a party.

''(4) CERTAIN NONGOVERNMENTAL REGULATORY ENTITIES.—An entity is described in this paragraph if it is—

''(A) a nongovernmental entity which exercises self-regulatory powers (including imposing sanctions) in connection with a qualified board or exchange (as defined in section 1256(g)(7)), or

''(B) to the extent provided in regulations, a nongovernmental entity which exercises self-regulatory powers (including imposing sanctions) as part of performing an essential governmental function.

''(5) EXCEPTION FOR TAXES DUE.—Paragraph (1) shall not apply to any amount paid or incurred as taxes due.''.

(b) EFFECTIVE DATE.—The amendment made by this section shall apply to amounts paid or incurred on or after the date of the enactment of this Act, except that such amendment shall not apply to amounts paid or incurred under any binding order or agreement entered into before such date. Such exception shall not apply to an order or agreement requiring court approval unless the approval was obtained before such date.

**SEC. 1720. FREEZE OF INTEREST SUSPENSION RULES WITH RESPECT TO LISTED TRANSACTIONS.**

(a) IN GENERAL.—Paragraph (2) of section 903(d) of the American Jobs Creation Act of 2005 is amended to read as follows:

''(2) EXCEPTION FOR REPORTABLE OR LISTED TRANSACTIONS.—

''(A) IN GENERAL.—The amendments made by subsection (c) shall apply with respect to interest accruing after October 3, 2004.

''(B) SPECIAL RULE FOR CERTAIN LISTED TRANSACTIONS.—

''(i) IN GENERAL.—Except as provided in clause (ii) or (iii), in the case of any listed transaction, the amendments made by subsection (c) shall also apply with respect to interest accruing on or before October 3, 2004.

''(ii) PARTICIPANTS IN SETTLEMENT INITIATIVES.—Clause (i) shall not apply to a listed transaction if, as of May 9, 2005—

''(I) the taxpayer is participating in a published settlement initiative which is offered by the Secretary of the Treasury or his delegate to a group of similarly situated taxpayers claiming benefits from the listed transaction, or

''(II) the taxpayer has entered into a settlement agreement pursuant to such an initiative with respect to the tax liability arising in connection with the listed transaction.

Subclause (I) shall not apply to the taxpayer if, after May 9, 2005, the taxpayer withdraws from, or terminates, participation in the initiative or the Secretary or his delegate determines that a settlement agreement will not be reached pursuant to the initiative within a reasonable period of time.

''(iii) CLOSED TRANSACTIONS.—Clause (i) shall not apply to a listed transaction if, as of May 9, 2005—

''(I) the assessment of all Federal income taxes for the taxable year in which the tax liability to which the interest relates arose is prevented by the operation of any law or rule of law, or

''(II) a closing agreement under section 7121 has been entered into with respect to the tax liability arising in connection with the listed transaction.''.

(b) EFFECTIVE DATE.—The amendment made by this section shall take effect as if included in the provisions of the American Jobs Creation Act of 2004 to which it relates.

**SEC. 1721. MODIFICATIONS OF EFFECTIVE DATES OF LEASING PROVISIONS OF THE AMERICAN JOBS CREATION ACT OF 2004.**

(a) REPEAL OF EXCEPTION FOR QUALIFIED TRANSPORTATION PROPERTY.—Section 849(b) of the American Jobs Creation Act of 2004 is amended by striking paragraphs (1) and (2) and by redesignating paragraphs (3) and (4) as paragraphs (1) and (2).

(b) EFFECTIVE DATE.—The amendments made by this section shall take effect as if included in the enactment of the American Jobs Creation Act of 2004.

**SEC. 1722. IMPOSITION OF MARK-TO-MARKET TAX ON INDIVIDUALS WHO EXPATRIATE.**

(a) IN GENERAL.—Subpart A of part II of subchapter N of chapter 1 is amended by inserting after section 877 the following new section:

**"SEC. 877A. TAX RESPONSIBILITIES OF EXPATRIATION.**

''(a) GENERAL RULES.—For purposes of this subtitle—

''(1) MARK TO MARKET.—Except as provided in subsections (d) and (f), all property of a covered expatriate to whom this section applies shall be treated as sold on the day before the expatriation date for its fair market value.

''(2) RECOGNITION OF GAIN OR LOSS.—In the case of any sale under paragraph (1)—

''(A) notwithstanding any other provision of this title, any gain arising from such sale shall be taken into account for the taxable year of the sale, and

''(B) any loss arising from such sale shall be taken into account for the taxable year of the sale to the extent otherwise provided by this title, except that section 1091 shall not apply to any such loss.

Proper adjustment shall be made in the amount of any gain or loss subsequently realized for gain or loss taken into account under the preceding sentence.

''(3) EXCLUSION FOR CERTAIN GAIN.—

''(A) IN GENERAL.—The amount which, but for this paragraph, would be includible in the gross income of any individual by reason of this section shall be reduced (but not below zero) by $600,000. For purposes of this paragraph, allocable expatriation gain taken into account under subsection (f)(2) shall be treated in the same manner as an amount required to be includible in gross income.

''(B) COST-OF-LIVING ADJUSTMENT.—

''(i) IN GENERAL.—In the case of an expatriation date occurring in any calendar year after 2005, the $600,000 amount under subparagraph (A) 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, determined by substituting 'calendar year 2004' for 'calendar year 1992' in subparagraph (B) thereof.

''(ii) ROUNDING RULES.—If any amount after adjustment under clause (i) is not a multiple of $1,000, such amount shall be rounded to the next lower multiple of $1,000.

''(4) ELECTION TO CONTINUE TO BE TAXED AS UNITED STATES CITIZEN.—

''(A) IN GENERAL.—If a covered expatriate elects the application of this paragraph—

''(i) this section (other than this paragraph and subsection (i)) shall not apply to the expatriate, but

''(ii) in the case of property to which this section would apply but for such election, the expatriate shall be subject to tax under this title in the same manner as if the individual were a United States citizen.

''(B) REQUIREMENTS.—Subparagraph (A) shall not apply to an individual unless the individual—

''(i) provides security for payment of tax in such form and manner, and in such amount, as the Secretary may require,

''(ii) consents to the waiver of any right of the individual under any treaty of the United States which would preclude assessment or collection of any tax which may be imposed by reason of this paragraph, and

''(iii) complies with such other requirements as the Secretary may prescribe.

''(C) ELECTION.—An election under subparagraph (A) shall apply to all property to which this section would apply but for the election and, once made, shall be irrevocable. Such election shall also apply to property the basis of which is determined in whole or in part by reference to the property with respect to which the election was made.

''(b) ELECTION TO DEFER TAX.—

''(1) IN GENERAL.—If the taxpayer elects the application of this subsection with respect to any property treated as sold by reason of subsection (a), the payment of the additional tax attributable to such property shall be postponed until the due date of the return for the taxable year in which such property is disposed of (or, in the case of property disposed of in a transaction in which gain is not recognized in whole or in part, until such other date as the Secretary may prescribe).

''(2) DETERMINATION OF TAX WITH RESPECT TO PROPERTY.—For purposes of paragraph (1), the additional tax attributable to any property is an amount which bears the same ratio to the additional tax imposed by this chapter for the taxable year solely by reason of subsection (a) as the gain taken into account under subsection (a) with respect to such property bears to the total gain taken into account under subsection (a) with respect to all property to which subsection (a) applies.

''(3) TERMINATION OF POSTPONEMENT.—No tax may be postponed under this subsection later than the due date for the return of tax imposed by this chapter for the taxable year which includes the date of death of the expatriate (or, if earlier, the time that the security provided with respect to the property fails to meet the requirements of paragraph (4), unless the taxpayer corrects such failure within the time specified by the Secretary).

''(4) SECURITY.—

''(A) IN GENERAL.—No election may be made under paragraph (1) with respect to any property unless adequate security is provided to the Secretary with respect to such property.

''(B) ADEQUATE SECURITY.—For purposes of subparagraph (A), security with respect to any property shall be treated as adequate security if—

''(i) it is a bond in an amount equal to the deferred tax amount under paragraph (2) for the property, or

''(ii) the taxpayer otherwise establishes to the satisfaction of the Secretary that the security is adequate.

''(5) WAIVER OF CERTAIN RIGHTS.—No election may be made under paragraph (1) unless the taxpayer consents to the waiver of any right under any treaty of the United States which would preclude assessment or collection of any tax imposed by reason of this section.

''(6) ELECTIONS.—An election under paragraph (1) shall only apply to property described in the election and, once made, is irrevocable. An election may be made under paragraph (1) with respect to an interest in a trust with respect to which gain is required to be recognized under subsection (f)(1).

''(7) INTEREST.—For purposes of section 6601—

''(A) the last date for the payment of tax shall be determined without regard to the election under this subsection, and

''(B) section 6621(a)(2) shall be applied by substituting '5 percentage points' for '3 percentage points' in subparagraph (B) thereof.

''(c) COVERED EXPATRIATE.—For purposes of this section—

''(1) IN GENERAL.—Except as provided in paragraph (2), the term 'covered expatriate' means an expatriate.

''(2) EXCEPTIONS.—An individual shall not be treated as a covered expatriate if—

''(A) the individual—

''(i) became at birth a citizen of the United States and a citizen of another country and, as of the expatriation date, continues to be a citizen of, and is taxed as a resident of, such other country, and

''(ii) has not been a resident of the United States (as defined in section 7701(b)(1)(A)(ii)) during the 5 taxable years ending with the taxable year during which the expatriation date occurs, or

''(B)(i) the individual's relinquishment of United States citizenship occurs before such individual attains age 18½, and

''(ii) the individual has been a resident of the United States (as so defined) for not more than 5 taxable years before the date of relinquishment.

''(d) EXEMPT PROPERTY; SPECIAL RULES FOR PENSION PLANS.—

''(1) EXEMPT PROPERTY.—This section shall not apply to the following:

''(A) UNITED STATES REAL PROPERTY INTERESTS.—Any United States real property interest (as defined in section 897(c)(1)), other than stock of a United States real property holding corporation which does not, on the day before the expatriation date, meet the requirements of section 897(c)(2).

''(B) SPECIFIED PROPERTY.—Any property or interest in property not described in subparagraph (A) which the Secretary specifies in regulations.

''(2) SPECIAL RULES FOR CERTAIN RETIREMENT PLANS.—

''(A) IN GENERAL.—If a covered expatriate holds on the day before the expatriation date any interest in a retirement plan to which this paragraph applies—

''(i) such interest shall not be treated as sold for purposes of subsection (a)(1), but

''(ii) an amount equal to the present value of the expatriate's nonforfeitable accrued benefit shall be treated as having been received by such individual on such date as a distribution under the plan.

''(B) TREATMENT OF SUBSEQUENT DISTRIBUTIONS.—In the case of any distribution on or after the expatriation date to or on behalf of the covered expatriate from a plan from which the expatriate was treated as receiving a distribution under subparagraph (A), the amount otherwise includible in gross income by reason of the subsequent distribution shall be reduced by the excess of the amount includible in gross income under subparagraph (A) over any portion of such amount to which this subparagraph previously applied.

''(C) TREATMENT OF SUBSEQUENT DISTRIBUTIONS BY PLAN.—For purposes of this title, a retirement plan to which this paragraph applies, and any person acting on the plan's behalf, shall treat any subsequent distribution described in subparagraph (B) in the same manner as such distribution would be treated without regard to this paragraph.

''(D) APPLICABLE PLANS.—This paragraph shall apply to—

''(i) any qualified retirement plan (as defined in section 4974(c)),

''(ii) an eligible deferred compensation plan (as defined in section 457(b)) of an eligible employer described in section 457(e)(1)(A), and

''(iii) to the extent provided in regulations, any foreign pension plan or similar retirement arrangements or programs.

''(e) DEFINITIONS.—For purposes of this section—

''(1) EXPATRIATE.—The term 'expatriate' means—

''(A) any United States citizen who relinquishes citizenship, and

''(B) any long-term resident of the United States who—

''(i) ceases to be a lawful permanent resident of the United States (within the meaning of section 7701(b)(6)), or

''(ii) commences to be treated as a resident of a foreign country under the provisions of a tax treaty between the United States and the foreign country and who does not waive the benefits of such treaty applicable to residents of the foreign country.

''(2) EXPATRIATION DATE.—The term 'expatriation date' means—

''(A) the date an individual relinquishes United States citizenship, or

''(B) in the case of a long-term resident of the United States, the date of the event described in clause (i) or (ii) of paragraph (1)(B).

''(3) RELINQUISHMENT OF CITIZENSHIP.—A citizen shall be treated as relinquishing United States citizenship on the earliest of—

''(A) the date the individual renounces such individual's United States nationality before a diplomatic or consular officer of the United States pursuant to paragraph (5) of section 349(a) of the Immigration and Nationality Act (8 U.S.C. 1481(a)(5)),

''(B) the date the individual furnishes to the United States Department of State a signed statement of voluntary relinquishment of United States nationality confirming the performance of an act of expatriation specified in paragraph (1), (2), (3), or (4) of section 349(a) of the Immigration and Nationality Act (8 U.S.C. 1481(a)(1)–(4)),

''(C) the date the United States Department of State issues to the individual a certificate of loss of nationality, or

''(D) the date a court of the United States cancels a naturalized citizen's certificate of naturalization.

Subparagraph (A) or (B) shall not apply to any individual unless the renunciation or voluntary relinquishment is subsequently approved by the issuance to the individual of a certificate of loss of nationality by the United States Department of State.

''(4) LONG-TERM RESIDENT.—The term 'long-term resident' has the meaning given to such term by section 877(e)(2).

''(f) SPECIAL RULES APPLICABLE TO BENEFICIARIES' INTERESTS IN TRUST.—

''(1) IN GENERAL.—Except as provided in paragraph (2), if an individual is determined under paragraph (3) to hold an interest in a

trust on the day before the expatriation date—

''(A) the individual shall not be treated as having sold such interest,

''(B) such interest shall be treated as a separate share in the trust, and

''(C)(i) such separate share shall be treated as a separate trust consisting of the assets allocable to such share,

''(ii) the separate trust shall be treated as having sold its assets on the day before the expatriation date for their fair market value and as having distributed all of its assets to the individual as of such time, and

''(iii) the individual shall be treated as having recontributed the assets to the separate trust.

Subsection (a)(2) shall apply to any income, gain, or loss of the individual arising from a distribution described in subparagraph (C)(ii). In determining the amount of such distribution, proper adjustments shall be made for liabilities of the trust allocable to an individual's share in the trust.

''(2) SPECIAL RULES FOR INTERESTS IN QUALIFIED TRUSTS.—

''(A) IN GENERAL.—If the trust interest described in paragraph (1) is an interest in a qualified trust—

''(i) paragraph (1) and subsection (a) shall not apply, and

''(ii) in addition to any other tax imposed by this title, there is hereby imposed on each distribution with respect to such interest a tax in the amount determined under subparagraph (B).

''(B) AMOUNT OF TAX.—The amount of tax under subparagraph (A)(ii) shall be equal to the lesser of—

''(i) the highest rate of tax imposed by section 1(e) for the taxable year which includes the day before the expatriation date, multiplied by the amount of the distribution, or

''(ii) the balance in the deferred tax account immediately before the distribution determined without regard to any increases under subparagraph (C)(ii) after the 30th day preceding the distribution.

''(C) DEFERRED TAX ACCOUNT.—For purposes of subparagraph (B)(ii)—

''(i) OPENING BALANCE.—The opening balance in a deferred tax account with respect to any trust interest is an amount equal to the tax which would have been imposed on the allocable expatriation gain with respect to the trust interest if such gain had been included in gross income under subsection (a).

''(ii) INCREASE FOR INTEREST.—The balance in the deferred tax account shall be increased by the amount of interest determined (on the balance in the account at the time the interest accrues), for periods after the 90th day after the expatriation date, by using the rates and method applicable under section 6621 for underpayments of tax for such periods, except that section 6621(a)(2) shall be applied by substituting '5 percentage points' for '3 percentage points' in subparagraph (B) thereof.

''(iii) DECREASE FOR TAXES PREVIOUSLY PAID.—The balance in the tax deferred account shall be reduced—

''(I) by the amount of taxes imposed by subparagraph (A) on any distribution to the person holding the trust interest, and

''(II) in the case of a person holding a nonvested interest, to the extent provided in regulations, by the amount of taxes imposed by subparagraph (A) on distributions from the trust with respect to nonvested interests not held by such person.

''(D) ALLOCABLE EXPATRIATION GAIN.—For purposes of this paragraph, the allocable expatriation gain with respect to any beneficiary's interest in a trust is the amount of gain which would be allocable to such beneficiary's vested and nonvested interests in the trust if the beneficiary held directly all assets allocable to such interests.

''(E) TAX DEDUCTED AND WITHHELD.—

''(i) IN GENERAL.—The tax imposed by subparagraph (A)(ii) shall be deducted and withheld by the trustees from the distribution to which it relates.

''(ii) EXCEPTION WHERE FAILURE TO WAIVE TREATY RIGHTS.—If an amount may not be deducted and withheld under clause (i) by reason of the distributee failing to waive any treaty right with respect to such distribution—

''(I) the tax imposed by subparagraph (A)(ii) shall be imposed on the trust and each trustee shall be personally liable for the amount of such tax, and

''(II) any other beneficiary of the trust shall be entitled to recover from the distributee the amount of such tax imposed on the other beneficiary.

''(F) DISPOSITION.—If a trust ceases to be a qualified trust at any time, a covered expatriate disposes of an interest in a qualified trust, or a covered expatriate holding an interest in a qualified trust dies, then, in lieu of the tax imposed by subparagraph (A)(ii), there is hereby imposed a tax equal to the lesser of—

''(i) the tax determined under paragraph (1) as if the day before the expatriation date were the date of such cessation, disposition, or death, whichever is applicable, or

''(ii) the balance in the tax deferred account immediately before such date.

Such tax shall be imposed on the trust and each trustee shall be personally liable for the amount of such tax and any other beneficiary of the trust shall be entitled to recover from the covered expatriate or the estate the amount of such tax imposed on the other beneficiary.

''(G) DEFINITIONS AND SPECIAL RULES.—For purposes of this paragraph—

''(i) QUALIFIED TRUST.—The term 'qualified trust' means a trust which is described in section 7701(a)(30)(E).

''(ii) VESTED INTEREST.—The term 'vested interest' means any interest which, as of the day before the expatriation date, is vested in the beneficiary.

''(iii) NONVESTED INTEREST.—The term 'nonvested interest' means, with respect to any beneficiary, any interest in a trust which is not a vested interest. Such interest shall be determined by assuming the maximum exercise of discretion in favor of the beneficiary and the occurrence of all contingencies in favor of the beneficiary.

''(iv) ADJUSTMENTS.—The Secretary may provide for such adjustments to the bases of assets in a trust or a deferred tax account, and the timing of such adjustments, in order to ensure that gain is taxed only once.

''(v) COORDINATION WITH RETIREMENT PLAN RULES.—This subsection shall not apply to an interest in a trust which is part of a retirement plan to which subsection (d)(2) applies.

''(3) DETERMINATION OF BENEFICIARIES' INTEREST IN TRUST.—

''(A) DETERMINATIONS UNDER PARAGRAPH (1).—For purposes of paragraph (1), a beneficiary's interest in a trust shall be based upon all relevant facts and circumstances, including the terms of the trust instrument and any letter of wishes or similar document, historical patterns of trust distributions, and the existence of and functions performed by a trust protector or any similar adviser.

''(B) OTHER DETERMINATIONS.—For purposes of this section—

''(i) CONSTRUCTIVE OWNERSHIP.—If a beneficiary of a trust is a corporation, partnership, trust, or estate, the shareholders, partners, or beneficiaries shall be deemed to be the trust beneficiaries for purposes of this section.

''(ii) TAXPAYER RETURN POSITION.—A taxpayer shall clearly indicate on its income tax return—

''(I) the methodology used to determine that taxpayer's trust interest under this section, and

''(II) if the taxpayer knows (or has reason to know) that any other beneficiary of such trust is using a different methodology to determine such beneficiary's trust interest under this section.

''(g) TERMINATION OF DEFERRALS, ETC.—In the case of any covered expatriate, notwithstanding any other provision of this title—

''(1) any period during which recognition of income or gain is deferred shall terminate on the day before the expatriation date, and

''(2) any extension of time for payment of tax shall cease to apply on the day before the expatriation date and the unpaid portion of such tax shall be due and payable at the time and in the manner prescribed by the Secretary.

''(h) IMPOSITION OF TENTATIVE TAX.—

''(1) IN GENERAL.—If an individual is required to include any amount in gross income under subsection (a) for any taxable year, there is hereby imposed, immediately before the expatriation date, a tax in an amount equal to the amount of tax which would be imposed if the taxable year were a short taxable year ending on the expatriation date.

''(2) DUE DATE.—The due date for any tax imposed by paragraph (1) shall be the 90th day after the expatriation date.

''(3) TREATMENT OF TAX.—Any tax paid under paragraph (1) shall be treated as a payment of the tax imposed by this chapter for the taxable year to which subsection (a) applies.

''(4) DEFERRAL OF TAX.—The provisions of subsection (b) shall apply to the tax imposed by this subsection to the extent attributable to gain includible in gross income by reason of this section.

''(i) SPECIAL LIENS FOR DEFERRED TAX AMOUNTS.—

''(1) IMPOSITION OF LIEN.—

''(A) IN GENERAL.—If a covered expatriate makes an election under subsection (a)(4) or (b) which results in the deferral of any tax imposed by reason of subsection (a), the deferred amount (including any interest, additional amount, addition to tax, assessable penalty, and costs attributable to the deferred amount) shall be a lien in favor of the United States on all property of the expatriate located in the United States (without regard to whether this section applies to the property).

''(B) DEFERRED AMOUNT.—For purposes of this subsection, the deferred amount is the amount of the increase in the covered expatriate's income tax which, but for the election under subsection (a)(4) or (b), would have occurred by reason of this section for the taxable year including the expatriation date.

''(2) PERIOD OF LIEN.—The lien imposed by this subsection shall arise on the expatriation date and continue until—

''(A) the liability for tax by reason of this section is satisfied or has become unenforceable by reason of lapse of time, or

''(B) it is established to the satisfaction of the Secretary that no further tax liability may arise by reason of this section.

''(3) CERTAIN RULES APPLY.—The rules set forth in paragraphs (1), (3), and (4) of section 6324A(d) shall apply with respect to the lien imposed by this subsection as if it were a lien imposed by section 6324A.

''(j) REGULATIONS.—The Secretary shall prescribe such regulations as may be necessary or appropriate to carry out the purposes of this section.''.

(b) INCLUSION IN INCOME OF GIFTS AND BEQUESTS RECEIVED BY UNITED STATES CITIZENS AND RESIDENTS FROM EXPATRIATES.—Section 102 (relating to gifts, etc. not included in gross income) is amended by adding at the end the following new subsection:

''(d) GIFTS AND INHERITANCES FROM COVERED EXPATRIATES.—

''(1) IN GENERAL.—Subsection (a) shall not exclude from gross income the value of any property acquired by gift, bequest, devise, or inheritance from a covered expatriate after the expatriation date. For purposes of this subsection, any term used in this subsection which is also used in section 877A shall have the same meaning as when used in section 877A.

''(2) EXCEPTIONS FOR TRANSFERS OTHERWISE SUBJECT TO ESTATE OR GIFT TAX.—Paragraph (1) shall not apply to any property if either—

''(A) the gift, bequest, devise, or inheritance is—

''(i) shown on a timely filed return of tax imposed by chapter 12 as a taxable gift by the covered expatriate, or

''(ii) included in the gross estate of the covered expatriate for purposes of chapter 11 and shown on a timely filed return of tax imposed by chapter 11 of the estate of the covered expatriate, or

''(B) no such return was timely filed but no such return would have been required to be filed even if the covered expatriate were a citizen or long-term resident of the United States.''.

(c) DEFINITION OF TERMINATION OF UNITED STATES CITIZENSHIP.—Section 7701(a) is amended by adding at the end the following new paragraph:

''(49) TERMINATION OF UNITED STATES CITIZENSHIP.—

''(A) IN GENERAL.—An individual shall not cease to be treated as a United States citizen before the date on which the individual's citizenship is treated as relinquished under section 877A(e)(3).

''(B) DUAL CITIZENS.—Under regulations prescribed by the Secretary, subparagraph (A) shall not apply to an individual who became at birth a citizen of the United States and a citizen of another country.''.

(d) INELIGIBILITY FOR VISA OR ADMISSION TO UNITED STATES.—

(1) IN GENERAL.—Section 212(a)(10)(E) of the Immigration and Nationality Act (8 U.S.C. 1182(a)(10)(E)) is amended to read as follows:

''(E) FORMER CITIZENS NOT IN COMPLIANCE WITH EXPATRIATION REVENUE PROVISIONS.—Any alien who is a former citizen of the United States who relinquishes United States citizenship (within the meaning of section 877A(e)(3) of the Internal Revenue Code of 1986) and who is not in compliance with section 877A of such Code (relating to expatriation).''.

(2) AVAILABILITY OF INFORMATION.—

(A) IN GENERAL.—Section 6103(l) (relating to disclosure of returns and return information for purposes other than tax administration) is amended by adding at the end the following new paragraph:

''(21) DISCLOSURE TO DENY VISA OR ADMISSION TO CERTAIN EXPATRIATES.—Upon written request of the Attorney General or the Attorney General's delegate, the Secretary shall disclose whether an individual is in compliance with section 877A (and if not in compliance, any items of noncompliance) to officers and employees of the Federal agency responsible for administering section 212(a)(10)(E) of the Immigration and Nationality Act solely for the purpose of, and to the extent necessary in, administering such section 212(a)(10)(E).''.

(B) SAFEGUARDS.—Section 6103(p)(4) (relating to safeguards) is amended by striking ''or (20)'' each place it appears and inserting ''(20), or (21)''.

(3) EFFECTIVE DATES.—The amendments made by this subsection shall apply to individuals who relinquish United States citizenship on or after the date of the enactment of this Act.

(e) CONFORMING AMENDMENTS.—

(1) Section 877 is amended by adding at the end the following new subsection:

''(h) APPLICATION.—This section shall not apply to an expatriate (as defined in section 877A(e)) whose expatriation date (as so defined) occurs on or after the date of the enactment of the Safe, Accountable, Flexible, and Efficient Transportation Equity Act of 2005.''.

(2) Section 2107 is amended by adding at the end the following new subsection:

''(f) APPLICATION.—This section shall not apply to any expatriate subject to section 877A.''.

(3) Section 2501(a)(3) is amended by adding at the end the following new subparagraph:

''(C) APPLICATION.—This paragraph shall not apply to any expatriate subject to section 877A.''.

(f) CLERICAL AMENDMENT.—The table of sections for subpart A of part II of subchapter N of chapter 1 is amended by inserting after the item relating to section 877 the following new item:

''Sec. 877A. Tax responsibilities of expatriation.''.

(g) EFFECTIVE DATE.—

(1) IN GENERAL.—Except as provided in this subsection, the amendments made by this section shall apply to expatriates (within the meaning of section 877A(e) of the Internal Revenue Code of 1986, as added by this section) whose expatriation date (as so defined) occurs on or after the date of the enactment of this Act.

(2) GIFTS AND BEQUESTS.—Section 102(d) of the Internal Revenue Code of 1986 (as added by subsection (b)) shall apply to gifts and bequests received on or after the date of the enactment of this Act, from an individual or the estate of an individual whose expatriation date (as so defined) occurs after such date.

(3) DUE DATE FOR TENTATIVE TAX.—The due date under section 877A(h)(2) of the Internal Revenue Code of 1986, as added by this section, shall in no event occur before the 90th day after the date of the enactment of this Act.

**SEC. 1723. DISALLOWANCE OF DEDUCTION FOR PUNITIVE DAMAGES.**

(a) DISALLOWANCE OF DEDUCTION.—

(1) IN GENERAL.—Section 162(g) (relating to treble damage payments under the antitrust laws) is amended—

(A) by redesignating paragraphs (1) and (2) as subparagraphs (A) and (B), respectively,

(B) by striking ''If'' and inserting:

''(1) TREBLE DAMAGES.—If'', and

(C) by adding at the end the following new paragraph:

''(2) PUNITIVE DAMAGES.—No deduction shall be allowed under this chapter for any amount paid or incurred for punitive damages in connection with any judgment in, or settlement of, any action. This paragraph shall not apply to punitive damages described in section 104(c).''.

(2) CONFORMING AMENDMENT.—The heading for section 162(g) is amended by inserting ''OR PUNITIVE DAMAGES'' after ''LAWS''.

(b) INCLUSION IN INCOME OF PUNITIVE DAMAGES PAID BY INSURER OR OTHERWISE.—

(1) IN GENERAL.—Part II of subchapter B of chapter 1 (relating to items specifically included in gross income) is amended by adding at the end the following new section:

**''SEC. 91. PUNITIVE DAMAGES COMPENSATED BY INSURANCE OR OTHERWISE.**

''Gross income shall include any amount paid to or on behalf of a taxpayer as insurance or otherwise by reason of the taxpayer's liability (or agreement) to pay punitive damages.''.

(2) REPORTING REQUIREMENTS.—Section 6041 (relating to information at source) is amended by adding at the end the following new subsection:

''(f) SECTION TO APPLY TO PUNITIVE DAMAGES COMPENSATION.—This section shall apply to payments by a person to or on behalf of another person as insurance or otherwise by reason of the other person's liability (or agreement) to pay punitive damages.''.

(3) CONFORMING AMENDMENT.—The table of sections for part II of subchapter B of chapter 1 is amended by adding at the end the following new item:

''Sec. 91. Punitive damages compensated by insurance or otherwise.''.

(c) EFFECTIVE DATE.—The amendments made by this section shall apply to damages paid or incurred on or after the date of the enactment of this Act.

**SEC. 1724. APPLICATION OF EARNINGS STRIPPING RULES TO PARTNERS WHICH ARE C CORPORATIONS.**

(a) IN GENERAL.—Section 163(j) (relating to limitation on deduction for interest on certain indebtedness) is amended by redesignating paragraph (8) as paragraph (9) and by inserting after paragraph (7) the following new paragraph:

''(8) ALLOCATIONS TO CERTAIN CORPORATE PARTNERS.—If a C corporation is a partner in a partnership—

''(A) the corporation's allocable share of indebtedness and interest income of the partnership shall be taken into account in applying this subsection to the corporation, and

''(B) if a deduction is not disallowed under this subsection with respect to any interest expense of the partnership, this subsection shall be applied separately in determining whether a deduction is allowable to the corporation with respect to the corporation's allocable share of such interest expense.''.

(b) EFFECTIVE DATE.—The amendments made by this section shall apply to taxable years beginning on or after the date of the enactment of this Act.

**SEC. 1725. PROHIBITION ON DEFERRAL OF GAIN FROM THE EXERCISE OF STOCK OPTIONS AND RESTRICTED STOCK GAINS THROUGH DEFERRED COMPENSATION ARRANGEMENTS.**

(a) IN GENERAL.—Section 83 (relating to property transferred in connection with performance of services) is amending by adding at the end the following new subsection:

''(i) PROHIBITION ON ADDITIONAL DEFERRAL THROUGH DEFERRED COMPENSATION ARRANGEMENTS.—If a taxpayer exchanges—

''(1) an option to purchase employer securities—

''(A) to which subsection (a) applies, or

''(B) which is described in subsection (e)(3), or

''(2) employer securities or any other property based on employer securities transferred to the taxpayer,

for a right to receive future payments, then, notwithstanding any other provision of this title, there shall be included in gross income for the taxable year of the exchange an amount equal to the present value of such right (or such other amount as the Secretary may by regulations specify). For purposes of this subsection, the term 'employer securities' includes any security issued by the employer.''.

(b) CONTROLLED GROUP RULES.—Section 414(t)(2) is amended by inserting ''83(i),'' after ''79,''.

(c) EFFECTIVE DATE.—The amendments made by this section shall apply to any exchange after the date of the enactment of this Act.

**SEC. 1726. LIMITATION OF EMPLOYER DEDUCTION FOR CERTAIN ENTERTAINMENT EXPENSES.**

(a) IN GENERAL.—Paragraph (2) of section 274(e) (relating to expenses treated as compensation) is amended to read as follows:

''(2) EXPENSES TREATED AS COMPENSATION.—Expenses for goods, services, and facilities, to the extent that the expenses do not exceed the amount of the expenses which are treated by the taxpayer, with respect to the recipient of the entertainment, amusement, or recreation, as compensation to an employee on the taxpayer's return of tax under this chapter and as wages to such employee for purposes of chapter 24 (relating to withholding of income tax at source on wages).''.

(b) PERSONS NOT EMPLOYEES.—Paragraph (9) of section 274(e) is amended by striking ''to the extent that the expenses are includible in the gross income'' and inserting ''to the extent that the expenses do not exceed the amount of the expenses which are includible in the gross income''.

(c) EFFECTIVE DATE.—The amendment made by this section shall apply to expenses incurred after the date of the enactment of this Act.

**SEC. 1727. INCREASE IN PENALTY FOR BAD CHECKS AND MONEY ORDERS.**

(a) IN GENERAL.—Section 6657 (relating to bad checks) is amended—

(1) by striking ''$750'' and inserting ''$1,250'', and

(2) by striking ''$15'' and inserting ''$25''.

(b) EFFECTIVE DATE.—The amendments made by this section apply to checks or money orders received after the date of the enactment of this Act.

**SEC. 1728. ELIMINATION OF DOUBLE DEDUCTION ON MINING EXPLORATION AND DEVELOPMENT COSTS UNDER THE MINIMUM TAX.**

(a) IN GENERAL.—Section 57(a)(1) (relating to depletion) is amended by striking ''for the taxable year)'' and inserting ''for the taxable year and determined without regard to so much of the basis as is attributable to mining exploration and development costs described in section 616 or 617 for which a deduction is allowable for any taxable year under this part).''.

(b) EFFECTIVE DATE.—The amendment made by this section shall apply to taxable years beginning after the date of the enactment this Act.

## PART II—IMPROVEMENTS IN EFFICIENCY AND SAFEGUARDS IN INTERNAL REVENUE SERVICE COLLECTION

**SEC. 1731. WAIVER OF USER FEE FOR INSTALLMENT AGREEMENTS USING AUTOMATED WITHDRAWALS.**

(a) IN GENERAL.—Section 6159 (relating to agreements for payment of tax liability in installments) is amended by redesignating subsection (e) as subsection (f) and by inserting after subsection (d) the following:

''(e) WAIVER OF USER FEES FOR INSTALLMENT AGREEMENTS USING AUTOMATED WITHDRAWALS.—In the case of a taxpayer who enters into an installment agreement in which automated installment payments are agreed to, the Secretary shall waive the fee (if any) for entering into the installment agreement.''.

(b) EFFECTIVE DATE.—The amendments made by this section shall apply to agreements entered into on or after the date which is 180 days after the date of the enactment of this Act.

**SEC. 1732. TERMINATION OF INSTALLMENT AGREEMENTS.**

(a) IN GENERAL.—Section 6159(b)(4) (relating to failure to pay an installment or any other tax liability when due or to provide requested financial information) is amended by striking ''or'' at the end of subparagraph (B), by redesignating subparagraph (C) as subparagraph (E), and by inserting after subparagraph (B) the following:

''(C) to make a Federal tax deposit under section 6302 at the time such deposit is required to be made,

''(D) to file a return of tax imposed under this title by its due date (including extensions), or''.

(b) CONFORMING AMENDMENT.—The heading for section 6159(b)(4) is amended by striking ''FAILURE TO PAY AN INSTALLMENT OR ANY OTHER TAX LIABILITY WHEN DUE OR TO PROVIDE REQUESTED FINANCIAL INFORMATION'' and inserting ''FAILURE TO MAKE PAYMENTS OR DEPOSITS OR FILE RETURNS WHEN DUE OR TO PROVIDE REQUESTED FINANCIAL INFORMATION''.

(c) EFFECTIVE DATE.—The amendments made by this section shall apply to failures occurring on or after the date of the enactment of this Act.

**SEC. 1733. OFFICE OF CHIEF COUNSEL REVIEW OF OFFERS-IN-COMPROMISE.**

(a) IN GENERAL.—Section 7122(b) (relating to record) is amended by striking ''Whenever a compromise'' and all that follows through ''his delegate'' and inserting ''If the Secretary determines that an opinion of the General Counsel for the Department of the Treasury, or the Counsel's delegate, is required with respect to a compromise, there shall be placed on file in the office of the Secretary such opinion''.

(b) CONFORMING AMENDMENTS.—Section 7122(b) is amended by striking the second and third sentences.

(c) EFFECTIVE DATE.—The amendments made by this section shall apply to offers-in-compromise submitted or pending on or after the date of the enactment of this Act.

**SEC. 1734. PARTIAL PAYMENTS REQUIRED WITH SUBMISSION OF OFFERS-IN-COMPROMISE.**

(a) IN GENERAL.—Section 7122 (relating to compromises), as amended by this Act, is amended by redesignating subsections (c), (d), and (e) as subsections (d), (e), and (f), respectively, and by inserting after subsection (b) the following new subsection:

''(c) RULES FOR SUBMISSION OF OFFERS-IN-COMPROMISE.—

''(1) PARTIAL PAYMENT REQUIRED WITH SUBMISSION.—

''(A) LUMP-SUM OFFERS.—

''(i) IN GENERAL.—The submission of any lump-sum offer-in-compromise shall be accompanied by the payment of 20 percent of amount of such offer.

''(ii) LUMP-SUM OFFER-IN-COMPROMISE.—For purposes of this section, the term 'lump-sum offer-in-compromise' means any offer of payments made in 5 or fewer installments.

''(B) PERIODIC PAYMENT OFFERS.—The submission of any periodic payment offer-in-compromise shall be accompanied by the payment of the amount of the first proposed installment and each proposed installment due during the period such offer is being evaluated for acceptance and has not been rejected by the Secretary. Any failure to make a payment required under the preceding sentence shall be deemed a withdrawal of the offer-in-compromise.

''(2) RULES OF APPLICATION.—

''(A) USE OF PAYMENT.—The application of any payment made under this subsection to the assessed tax or other amounts imposed under this title with respect to such tax may be specified by the taxpayer.

''(B) NO USER FEE IMPOSED.—Any user fee which would otherwise be imposed under this section shall not be imposed on any offer-in-compromise accompanied by a payment required under this subsection.''.

(b) ADDITIONAL RULES RELATING TO TREATMENT OF OFFERS.—

(1) UNPROCESSABLE OFFER IF PAYMENT REQUIREMENTS ARE NOT MET.—Paragraph (3) of section 7122(d) (relating to standards for evaluation of offers), as redesignated by subsection (a), is amended by striking ''; and'' at the end of subparagraph (A) and inserting a comma, 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 offer-in-compromise which does not meet the requirements of subsection (c) shall be returned to the taxpayer as unprocessable.''.

(2) DEEMED ACCEPTANCE OF OFFER NOT REJECTED WITHIN CERTAIN PERIOD.—Section 7122, as amended by subsection (a), is amended by adding at the end the following new subsection:

''(g) DEEMED ACCEPTANCE OF OFFER NOT REJECTED WITHIN CERTAIN PERIOD.—Any offer-in-compromise submitted under this section shall be deemed to be accepted by the Secretary if such offer is not rejected by the Secretary before the date which is 24 months after the date of the submission of such offer (12 months for offers-in-compromise submitted after the date which is 5 years after the date of the enactment of this subsection). For purposes of the preceding sentence, any period during which any tax liability which is the subject of such offer-in-compromise is in dispute in any judicial proceeding shall not be taken in to account in determining the expiration of the 24-month period (or 12-month period, if applicable).''.

(c) EFFECTIVE DATE.—The amendments made by this section shall apply to offers-in-compromise submitted on and after the date which is 60 days after the date of the enactment of this Act.

**SEC. 1735. JOINT TASK FORCE ON OFFERS-IN-COMPROMISE.**

(a) IN GENERAL.—The Secretary of the Treasury shall establish a joint task force—

(1) to review the Internal Revenue Service's determinations with respect to offers-in-compromise, including offers which raise equitable, public policy, or economic hardship grounds for compromise of a tax liability under section 7122 of the Internal Revenue Code of 1986,

(2) to review the extent to which the Internal Revenue Service has used its authority to resolve longstanding cases by forgoing penalties and interest which have accumulated as a result of delay in determining the taxpayer's liability,

(3) to provide recommendations as to whether the Internal Revenue Service's evaluation of offers-in-compromise should include—

(A) the taxpayer's compliance history,

(B) errors by the Internal Revenue Service with respect to the underlying tax, and

(C) wrongful acts by a third party which gave rise to the liability, and

(4) to annually report to the Committee on Finance of the Senate and the Committee on Ways and Means of the House of Representatives (beginning in 2006) regarding such review and recommendations.

(b) MEMBERS OF JOINT TASK FORCE.—The membership of the joint task force under subsection (a) shall consist of 1 representative each from the Department of the Treasury, the Internal Revenue Service Oversight Board, the Office of the Chief Counsel for the Internal Revenue Service, the Office of the Taxpayer Advocate, the Office of Appeals, and the division of the Internal Revenue Service charged with operating the offer-in-compromise program.

(c) REPORT OF NATIONAL TAXPAYER ADVOCATE.—

(1) IN GENERAL.—Clause (ii) of section 7803(c)(2)(B) (relating to annual reports) is amended by striking ''and'' at the end of subclause (X), by redesignating subclause (XI) as

subclause (XII), and by inserting after subclause (X) the following new subclause:

''(XI) include a list of the factors taxpayers have raised to support their claims for offers-in-compromise relief, the number of such offers submitted, accepted, and rejected, the number of such offers appealed, the period during which review of such offers have remained pending, and the efforts the Internal Revenue Service has made to correctly identify such offers, including the training of employees in identifying and evaluating such offers.''.

(2) EFFECTIVE DATE.—The amendment made by paragraph (1) shall apply to reports in calendar year 2006 and thereafter.

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**SA 931.** Mr. LEVIN (for himself and Mr. BAYH) submitted an amendment intended to be proposed by him to the bill H.R. 6, To ensure jobs for our future with secure, affordable, and reliable energy; which was ordered to lie on the table; as follows:

At the end add the following:

**TITLE XVII—TAX INCENTIVES FOR ALTERNATIVE MOTOR VEHICLES AND FUELS**

**SEC. 1700. AMENDMENT OF 1986 CODE.**

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 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.

**Subtitle A—Tax Incentives**

**SEC. 1701. ALTERNATIVE MOTOR VEHICLE CREDIT.**

(a) IN GENERAL.—Subpart B of part IV of subchapter A of chapter 1 (relating to foreign tax credit, etc.) is amended by adding at the end the following:

**''SEC. 30B. ALTERNATIVE MOTOR VEHICLE CREDIT.**

''(a) ALLOWANCE OF CREDIT.—There shall be allowed as a credit against the tax imposed by this chapter for the taxable year an amount equal to the sum of—

''(1) the new qualified fuel cell motor vehicle credit determined under subsection (b),

''(2) the new advanced lean burn technology motor vehicle credit determined under subsection (c),

''(3) the new qualified hybrid motor vehicle credit determined under subsection (d), and

''(4) the new qualified alternative fuel motor vehicle credit determined under subsection (e).

''(b) NEW QUALIFIED FUEL CELL MOTOR VEHICLE CREDIT.—

''(1) IN GENERAL.—For purposes of subsection (a), the new qualified fuel cell motor vehicle credit determined under this subsection with respect to a new qualified fuel cell motor vehicle placed in service by the taxpayer during the taxable year is—

''(A) $8,000 if such vehicle has a gross vehicle weight rating of not more than 8,500 pounds,

''(B) $10,000, if such vehicle has a gross vehicle weight rating of more than 8,500 pounds but not more than 14,000 pounds,

''(C) $20,000, if such vehicle has a gross vehicle weight rating of more than 14,000 pounds but not more than 26,000 pounds, and

''(D) $40,000, if such vehicle has a gross vehicle weight rating of more than 26,000 pounds.

''(2) INCREASE FOR FUEL EFFICIENCY.—

''(A) IN GENERAL.—The amount determined under paragraph (1)(A) with respect to a new qualified fuel cell motor vehicle which is a passenger automobile or light truck shall be increased by—

''(i) $1,000, if such vehicle achieves at least 150 percent but less than 175 percent of the 2002 model year city fuel economy,

''(ii) $1,500, if such vehicle achieves at least 175 percent but less than 200 percent of the 2002 model year city fuel economy,

''(iii) $2,000, if such vehicle achieves at least 200 percent but less than 225 percent of the 2002 model year city fuel economy,

''(iv) $2,500, if such vehicle achieves at least 225 percent but less than 250 percent of the 2002 model year city fuel economy,

''(v) $3,000, if such vehicle achieves at least 250 percent but less than 275 percent of the 2002 model year city fuel economy,

''(vi) $3,500, if such vehicle achieves at least 275 percent but less than 300 percent of the 2002 model year city fuel economy, and

''(vii) $4,000, if such vehicle achieves at least 300 percent of the 2002 model year city fuel economy.

''(B) 2002 MODEL YEAR CITY FUEL ECONOMY.—For purposes of subparagraph (A), the 2002 model year city fuel economy with respect to a vehicle shall be determined in accordance with the following tables:

''(i) In the case of a passenger automobile:

| **''If vehicle inertia weight class is:** | **The 2002 model year city fuel economy is:** |
|---|---|
| 1,500 or 1,750 lbs | 45.2 mpg |
| 2,000 lbs | 39.6 mpg |
| 2,250 lbs | 35.2 mpg |
| 2,500 lbs | 31.7 mpg |
| 2,750 lbs | 28.8 mpg |
| 3,000 lbs | 26.4 mpg |
| 3,500 lbs | 22.6 mpg |
| 4,000 lbs | 19.8 mpg |
| 4,500 lbs | 17.6 mpg |
| 5,000 lbs | 15.9 mpg |
| 5,500 lbs | 14.4 mpg |
| 6,000 lbs | 13.2 mpg |
| 6,500 lbs | 12.2 mpg |
| 7,000 to 8,500 lbs | 11.3 mpg. |

''(ii) In the case of a light truck:

| **''If vehicle inertia weight class is:** | **The 2002 model year city fuel economy is:** |
|---|---|
| 1,500 or 1,750 lbs | 39.4 mpg |
| 2,000 lbs | 35.2 mpg |
| 2,250 lbs | 31.8 mpg |
| 2,500 lbs | 29.0 mpg |
| 2,750 lbs | 26.8 mpg |
| 3,000 lbs | 24.9 mpg |
| 3,500 lbs | 21.8 mpg |
| 4,000 lbs | 19.4 mpg |
| 4,500 lbs | 17.6 mpg |
| 5,000 lbs | 16.1 mpg |
| 5,500 lbs | 14.8 mpg |
| 6,000 lbs | 13.7 mpg |
| 6,500 lbs | 12.8 mpg |
| 7,000 to 8,500 lbs | 12.1 mpg. |

''(C) VEHICLE INERTIA WEIGHT CLASS.—For purposes of subparagraph (B), the term 'vehicle inertia weight class' has the same meaning as when defined in regulations prescribed by the Administrator of the Environmental Protection Agency for purposes of the administration of title II of the Clean Air Act (42 U.S.C. 7521 et seq.).

''(3) NEW QUALIFIED FUEL CELL MOTOR VEHICLE.—For purposes of this subsection, the term 'new qualified fuel cell motor vehicle' means a motor vehicle—

''(A) which is propelled by power derived from 1 or more cells which convert chemical energy directly into electricity by combining oxygen with hydrogen fuel which is stored on board the vehicle in any form and may or may not require reformation prior to use,

''(B) which, in the case of a passenger automobile or light truck, has received on or after the date of the enactment of this section a certificate that such vehicle meets or exceeds the Bin 5 Tier II emission level established in regulations prescribed by the Administrator of the Environmental Protection Agency under section 202(i) of the Clean Air Act for that make and model year vehicle,

''(C) the original use of which commences with the taxpayer,

''(D) which is acquired for use or lease by the taxpayer and not for resale, and

''(E) which is made by a manufacturer.

''(c) NEW ADVANCED LEAN BURN TECHNOLOGY MOTOR VEHICLE CREDIT.—

''(1) IN GENERAL.—For purposes of subsection (a), the new advanced lean burn technology motor vehicle credit determined under this subsection with respect to a new advanced lean burn technology motor vehicle placed in service by the taxpayer during the taxable year is the credit amount determined under paragraph (2).

''(2) CREDIT AMOUNT.—

''(A) FUEL ECONOMY.—

''(i) IN GENERAL.—The credit amount determined under this paragraph shall be determined in accordance with the following table:

| **''In the case of a vehicle which achieves a fuel economy (expressed as a percentage of the 2002 model year city fuel economy) of—** | **The credit amount is—** |
|---|---|
| At least 125 percent but less than 150 percent | $600 |
| At least 150 percent but less than 175 percent | $1,100 |
| At least 175 percent but less than 200 percent | $1,600 |
| At least 200 percent but less than 225 percent | $2,100 |
| At least 225 percent but less than 250 percent | $2,600 |
| At least 250 percent | $3,100. |

''(ii) 2002 MODEL YEAR CITY FUEL ECONOMY.—For purposes of clause (i), the 2002 model year city fuel economy with respect to a vehicle shall be determined on a gasoline gallon equivalent basis as determined by the Administrator of the Environmental Protection Agency using the tables provided in subsection (b)(2)(B) with respect to such vehicle.

''(B) CONSERVATION CREDIT.—The amount determined under subparagraph (A) with respect to a new advanced lean burn technology motor vehicle shall be increased by the conservation credit amount determined in accordance with the following table:

| **''In the case of a vehicle which achieves a lifetime fuel savings (expressed in gallons of gasoline) of—** | **The conservation credit amountis—** |
|---|---|
| At least 1,200 but less than 1,800 | $700 |
| At least 1,800 but less than 2,400 | $1,200 |
| At least 2,400 but less than 3,000 | $1,700 |
| At least 3,000 | $2,200. |

''(C) OPTION TO USE LIKE VEHICLE.—At the option of the vehicle manufacturer, the increase for fuel efficiency and conservation credit may be calculated by comparing the new qualified advanced lean burn technology motor vehicle to a like vehicle.

''(3) NEW ADVANCED LEAN BURN TECHNOLOGY MOTOR VEHICLE.—For purposes of this subsection, the term 'new advanced lean burn technology motor vehicle' means a passenger automobile or a light truck—

''(A) with an internal combustion engine which—

''(i) is designed to operate primarily using more air than is necessary for complete combustion of the fuel,

''(ii) incorporates direct injection,

''(iii) achieves at least 125 percent of the 2002 model year city fuel economy,

''(iv) for 2004 and later model vehicles, has received a certificate that such vehicle meets or exceeds—

''(I) in the case of a vehicle having a gross vehicle weight rating of 6,000 pounds or less,

the Bin 5 Tier II emission standard established in regulations prescribed by the Administrator of the Environmental Protection Agency under section 202(i) of the Clean Air Act for that make and model year vehicle, and

''(II) in the case of a vehicle having a gross vehicle weight rating of more than 6,000 pounds but not more than 8,500 pounds, the Bin 8 Tier II emission standard which is so established.

''(B) the original use of which commences with the taxpayer,

''(C) which is acquired for use or lease by the taxpayer and not for resale, and

''(D) which is made by a manufacturer.

''(4) LIKE VEHICLE.—The term 'like vehicle' for a new qualified advanced lean burn technology motor vehicle derived from a conventional production vehicle produced in the same model year means a model that is equivalent in the following areas:

''(A) Body style (2-door or 4-door),

''(B) Transmission (automatic or manual),

''(C) Acceleration performance (± 0.05 seconds).

''(D) Drivetrain (2-wheel drive or 4-wheel drive).

''(E) Certification by the Administrator of the Environmental Protection Agency.

''(5) LIFETIME FUEL SAVINGS.—For purposes of this subsection, the term 'lifetime fuel savings' means, in the case of any new advanced lean burn technology motor vehicle, an amount equal to the excess (if any) of—

''(A) 120,000 divided by the 2002 model year city fuel economy for the vehicle inertia weight class, over

''(B) 120,000 divided by the city fuel economy for such vehicle.

''(d) NEW QUALIFIED HYBRID MOTOR VEHICLE CREDIT.—

''(1) IN GENERAL.—For purposes of subsection (a), the new qualified hybrid motor vehicle credit determined under this subsection with respect to a new qualified hybrid motor vehicle placed in service by the taxpayer during the taxable year is the credit amount determined under paragraph (2) or (3).

''(2) CREDIT AMOUNT FOR LIGHTER VEHICLES.—In the case of a new qualified hybrid motor vehicle which is a passenger automobile, medium duty passenger vehicle, or light truck, the credit amount determined under this paragraph is equal to the sum of following amounts:

''(A) FUEL ECONOMY.—The amount which would be determined under subsection (c)(2)(A) if such vehicle were a vehicle referred to in such subsection.

''(B) CONSERVATION CREDIT.—The amount which would be determined under subsection (c)(2)(B) if such vehicle were a vehicle referred to in such subsection.

''(iii) OPTION TO USE LIKE VEHICLE.—For purposes of clause (i), at the option of the vehicle manufacturer, the increase for fuel efficiency and conservation credit may be calculated by comparing the new qualified hybrid motor vehicle to a like vehicle (as defined in subsection (c)(4)).

''(3) CREDIT AMOUNT FOR HEAVIER VEHICLES.—

''(A) IN GENERAL.—In the case of a new qualified hybrid motor vehicle which is a heavy duty hybrid motor vehicle, the credit amount determined under this paragraph is an amount equal to the applicable percentage of the incremental cost of such vehicle placed in service by the taxpayer during the taxable year.

''(B) INCREMENTAL COST.—For purposes of this paragraph, the incremental cost of any heavy duty hybrid motor vehicle is equal to the amount of the excess of the manufacturer's suggested retail price for such vehicle over such price for a comparable gasoline or diesel fuel motor vehicle of the same model, to the extent such amount does not exceed—

''(i) $7,500, if such vehicle has a gross vehicle weight rating of more than 8,500 pounds but not more than 14,000 pounds,

''(ii) $15,000, if such vehicle has a gross vehicle weight rating of more than 14,000 pounds but not more than 26,000 pounds, and

''(iii) $30,000, if such vehicle has a gross vehicle weight rating of more than 26,000 pounds.

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

| **"If percent increase in fuel economy of hybrid over comparable vehicle is:** | **The applicable percentage is:** |
|---|---|
| At least 30 but less than 40 percent | 20 percent. |
| At least 40 but less than 50 percent | 30 percent. |
| At least 50 percent | 40 percent. |

''(4) NEW QUALIFIED HYBRID MOTOR VEHICLE.—For purposes of this subsection—

''(A) IN GENERAL.—The term 'new qualified hybrid motor vehicle' means a motor vehicle—

''(i) which draws propulsion energy from onboard sources of stored energy which are both—

''(I) an internal combustion or heat engine using consumable fuel, and

''(II) a rechargeable energy storage system,

''(ii) which, in the case of a passenger automobile, medium duty passenger vehicle, or light truck—

''(I) having a gross vehicle weight rating of 6,000 pounds or less, has received a certificate that such vehicle meets or exceeds the Bin 5 Tier II emission level established in regulations prescribed by the Administrator of the Environmental Protection Agency under section 202(i) of the Clean Air Act for that make and model year vehicle,

''(II) having a gross vehicle weight rating of more than 6,000 pounds but not more than 8,500 pounds, has received a certificate that such vehicle meets or exceeds the Bin 8 Tier II emission standard which is so established,

''(III) has received a certificate of conformity under the Clean Air Act and meets or exceeds the equivalent qualifying California low emission vehicle standard under section 243(e)(2) of the Clean Air Act for that make and model year, and

''(IV) has a maximum available power of at least 5 percent,

''(iii) which, in the case of a heavy duty hybrid motor vehicle—

''(I) having a gross vehicle weight rating of more than 8,500 but not more than 14,000 pounds, has a maximum available power of at least 10 percent, and

''(II) having a gross vehicle weight rating of more than 14,000 pounds, has a maximum available power of at least 15 percent,

''(iv) the original use of which commences with the taxpayer,

''(v) which is acquired for use or lease by the taxpayer and not for resale, and

''(vi) which is made by a manufacturer.

''(B) CONSUMABLE FUEL.—For purposes of subparagraph (A)(i)(I), the term 'consumable fuel' means any solid, liquid, or gaseous matter which releases energy when consumed by an auxiliary power unit.

''(C) MAXIMUM AVAILABLE POWER.—

''(i) PASSENGER AUTOMOBILE, MEDIUM DUTY PASSENGER VEHICLE, OR LIGHT TRUCK.—For purposes of subparagraph (A)(ii)(II), the term 'maximum available power' means the maximum power available from the rechargeable energy storage system, during a standard 10 second pulse power or equivalent test, divided by such maximum power and the SAE net power of the heat engine.

''(ii) HEAVY DUTY HYBRID MOTOR VEHICLE.—For purposes of subparagraph (A)(iii), the term 'maximum available power' means the maximum power available from the rechargeable energy storage system, during a standard 10 second pulse power or equivalent test, divided by the vehicle's total traction power. The term 'total traction power' means the sum of the peak power from the rechargeable energy storage system and the heat engine peak power of the vehicle, except that if such storage system is the sole means by which the vehicle can be driven, the total traction power is the peak power of such storage system.

''(4) HEAVY DUTY HYBRID MOTOR VEHICLE.—For purposes of this subsection, the term 'heavy duty hybrid motor vehicle' means a new qualified hybrid motor vehicle which has a gross vehicle weight rating of more than 8,500 pounds. Such term does not include a medium duty passenger vehicle.

''(e) NEW QUALIFIED ALTERNATIVE FUEL MOTOR VEHICLE CREDIT.—

''(1) ALLOWANCE OF CREDIT.—Except as provided in paragraph (5), the new qualified alternative fuel motor vehicle credit determined under this subsection is an amount equal to the applicable percentage of the incremental cost of any new qualified alternative fuel motor vehicle placed in service by the taxpayer during the taxable year.

''(2) APPLICABLE PERCENTAGE.—For purposes of paragraph (1), the applicable percentage with respect to any new qualified alternative fuel motor vehicle is—

''(A) 50 percent, plus

''(B) 30 percent, if such vehicle—

''(i) has received a certificate of conformity under the Clean Air Act and meets or exceeds the most stringent standard available for certification under the Clean Air Act for that make and model year vehicle (other than a zero emission standard), or

''(ii) has received an order certifying the vehicle as meeting the same requirements as vehicles which may be sold or leased in California and meets or exceeds the most stringent standard available for certification under the State laws of California (enacted in accordance with a waiver granted under section 209(b) of the Clean Air Act) for that make and model year vehicle (other than a zero emission standard).

For purposes of the preceding sentence, in the case of any new qualified alternative fuel motor vehicle which weighs more than 14,000 pounds gross vehicle weight rating, the most stringent standard available shall be such standard available for certification on the date of the enactment of the Energy Tax Incentives Act.

''(3) INCREMENTAL COST.—For purposes of this subsection, the incremental cost of any new qualified alternative fuel motor vehicle is equal to the amount of the excess of the manufacturer's suggested retail price for such vehicle over such price for a gasoline or diesel fuel motor vehicle of the same model, to the extent such amount does not exceed—

''(A) $5,000, if such vehicle has a gross vehicle weight rating of not more than 8,500 pounds,

''(B) $10,000, if such vehicle has a gross vehicle weight rating of more than 8,500 pounds but not more than 14,000 pounds,

''(C) $25,000, if such vehicle has a gross vehicle weight rating of more than 14,000 pounds but not more than 26,000 pounds, and

''(D) $40,000, if such vehicle has a gross vehicle weight rating of more than 26,000 pounds.

''(4) NEW QUALIFIED ALTERNATIVE FUEL MOTOR VEHICLE.—For purposes of this subsection—

''(A) IN GENERAL.—The term 'new qualified alternative fuel motor vehicle' means any motor vehicle—

''(i) which is only capable of operating on an alternative fuel,

''(ii) the original use of which commences with the taxpayer,

''(iii) which is acquired by the taxpayer for use or lease, but not for resale, and

''(iv) which is made by a manufacturer.

''(B) ALTERNATIVE FUEL.—The term 'alternative fuel' means compressed natural gas, liquefied natural gas, liquefied petroleum gas, hydrogen, and any liquid at least 85 percent of the volume of which consists of methanol.

''(5) CREDIT FOR MIXED-FUEL VEHICLES.—

''(A) IN GENERAL.—In the case of a mixed-fuel vehicle placed in service by the taxpayer during the taxable year, the credit determined under this subsection is an amount equal to—

''(i) in the case of a 75/25 mixed-fuel vehicle, 70 percent of the credit which would have been allowed under this subsection if such vehicle was a qualified alternative fuel motor vehicle, and

''(ii) in the case of a 90/10 mixed-fuel vehicle, 90 percent of the credit which would have been allowed under this subsection if such vehicle was a qualified alternative fuel motor vehicle.

''(B) MIXED-FUEL VEHICLE.—For purposes of this subsection, the term 'mixed-fuel vehicle' means any motor vehicle described in subparagraph (C) or (D) of paragraph (3), which—

''(i) is certified by the manufacturer as being able to perform efficiently in normal operation on a combination of an alternative fuel and a petroleum-based fuel,

''(ii) either—

''(I) has received a certificate of conformity under the Clean Air Act, or

''(II) has received an order certifying the vehicle as meeting the same requirements as vehicles which may be sold or leased in California and meets or exceeds the low emission vehicle standard under section 88.105–94 of title 40, Code of Federal Regulations, for that make and model year vehicle,

''(iii) the original use of which commences with the taxpayer,

''(iv) which is acquired by the taxpayer for use or lease, but not for resale, and

''(v) which is made by a manufacturer.

''(C) 75/25 MIXED-FUEL VEHICLE.—For purposes of this subsection, the term '75/25 mixed-fuel vehicle' means a mixed-fuel vehicle which operates using at least 75 percent alternative fuel and not more than 25 percent petroleum-based fuel.

''(D) 90/10 MIXED-FUEL VEHICLE.—For purposes of this subsection, the term '90/10 mixed-fuel vehicle' means a mixed-fuel vehicle which operates using at least 90 percent alternative fuel and not more than 10 percent petroleum-based fuel.

''(f) LIMITATION ON NUMBER OF NEW QUALIFIED HYBRID AND ADVANCED LEAN-BURN TECHNOLOGY VEHICLES ELIGIBLE FOR CREDIT.—

''(1) IN GENERAL.—In the case of a qualified vehicle sold during the phaseout period, only the applicable percentage of the credit otherwise allowable under subsection (c) or (d) shall be allowed.

''(2) PHASEOUT PERIOD.—For purposes of this subsection, the phaseout period is the period beginning with the second calendar quarter following the calendar quarter which includes the first date on which the number of qualified vehicles manufactured by the manufacturer of the vehicle referred to in paragraph (1) sold for use in the United States after the date of the enactment of this section is at least 80,000.

''(3) APPLICABLE PERCENTAGE.—For purposes of paragraph (1), the applicable percentage is—

''(A) 50 percent for the first 2 calendar quarters of the phaseout period,

''(B) 25 percent for the 3d and 4th calendar quarters of the phaseout period, and

''(C) 0 percent for each calendar quarter thereafter.

''(4) CONTROLLED GROUPS.—

''(A) IN GENERAL.—For purposes of this subsection, all persons treated as a single employer under subsection (a) or (b) of section 52 or subsection (m) or (o) of section 414 shall be treated as a single manufacturer.

''(B) INCLUSION OF FOREIGN CORPORATIONS.—For purposes of subparagraph (A), in applying subsections (a) and (b) of section 52 to this section, section 1563 shall be applied without regard to subsection (b)(2)(C) thereof.

''(5) QUALIFIED VEHICLE.—For purposes of this subsection, the term 'qualified vehicle' means any new qualified hybrid motor vehicle and any new advanced lean burn technology motor vehicle.

''(g) APPLICATION WITH OTHER CREDITS.—The credit allowed under subsection (a) for any taxable year shall not exceed the excess (if any) of—

''(1) the regular tax for the taxable year reduced by the sum of the credits allowable under subpart A and sections 27, 29, and 30, over

''(2) the tentative minimum tax for the taxable year.

''(h) OTHER DEFINITIONS AND SPECIAL RULES.—For purposes of this section—

''(1) MOTOR VEHICLE.—The term 'motor vehicle' has the meaning given such term by section 30(c)(2).

''(2) CITY FUEL ECONOMY.—The city fuel economy with respect to any vehicle shall be measured in a manner which is substantially similar to the manner city fuel economy is measured in accordance with procedures under part 600 of subchapter Q of chapter I of title 40, Code of Federal Regulations, as in effect on the date of the enactment of this section.

''(3) OTHER TERMS.—The terms 'automobile', 'passenger automobile', 'medium duty passenger vehicle', 'light truck', and 'manufacturer' have the meanings given such terms in regulations prescribed by the Administrator of the Environmental Protection Agency for purposes of the administration of title II of the Clean Air Act (42 U.S.C. 7521 et seq.).

''(4) REDUCTION IN BASIS.—For purposes of this subtitle, the basis of any property for which a credit is allowable under subsection (a) shall be reduced by the amount of such credit so allowed (determined without regard to subsection (e)).

''(5) NO DOUBLE BENEFIT.—The amount of any deduction or other credit allowable under this chapter—

''(A) for any incremental cost taken into account in computing the amount of the credit determined under subsection (e) shall be reduced by the amount of such credit attributable to such cost, and

''(B) with respect to a vehicle described under subsection (b), (c), or (d) shall be reduced by the amount of credit allowed under subsection (a) for such vehicle for the taxable year.

''(6) PROPERTY USED BY TAX-EXEMPT ENTITY.—In the case of a vehicle whose use is described in paragraph (3) or (4) of section 50(b) and which is not subject to a lease, the person who sold such vehicle to the person or entity using such vehicle shall be treated as the taxpayer that placed such vehicle in service, but only if such person clearly discloses to such person or entity in a document the amount of any credit allowable under subsection (a) with respect to such vehicle (determined without regard to subsection (g)).

''(7) PROPERTY USED OUTSIDE UNITED STATES, ETC., NOT QUALIFIED.—No credit shall be allowable under subsection (a) with respect to any property referred to in section 50(b)(1) or with respect to the portion of the cost of any property taken into account under section 179.

''(8) RECAPTURE.—The Secretary shall, by regulations, provide for recapturing the benefit of any credit allowable under subsection (a) with respect to any property which ceases to be property eligible for such credit (including recapture in the case of a lease period of less than the economic life of a vehicle).

''(9) ELECTION TO NOT TAKE CREDIT.—No credit shall be allowed under subsection (a) for any vehicle if the taxpayer elects to not have this section apply to such vehicle.

''(10) CARRYBACK AND CARRYFORWARD ALLOWED.—

''(A) IN GENERAL.—If the credit allowable under subsection (a) for a taxable year exceeds the amount of the limitation under subsection (g) for such taxable year (in this paragraph referred to as the 'unused credit year'), such excess shall be a credit carryback to each of the 3 taxable years preceding the unused credit year and a credit carryforward to each of the 20 taxable years following the unused credit year, except that no excess may be carried to a taxable year beginning before the date of the enactment of this section. The preceding sentence shall not apply to any credit carryback if such credit carryback is attributable to property for which a deduction for depreciation is not allowable.

''(B) RULES.—Rules similar to the rules of section 39 shall apply with respect to the credit carryback and credit carryforward under subparagraph (A).

''(11) INTERACTION WITH AIR QUALITY AND MOTOR VEHICLE SAFETY STANDARDS.—Unless otherwise provided in this section, a motor vehicle shall not be considered eligible for a credit under this section unless such vehicle is in compliance with—

''(A) the applicable provisions of the Clean Air Act for the applicable make and model year of the vehicle (or applicable air quality provisions of State law in the case of a State which has adopted such provision under a waiver under section 209(b) of the Clean Air Act), and

''(B) the motor vehicle safety provisions of sections 30101 through 30169 of title 49, United States Code.

''(g) REGULATIONS.—

''(1) IN GENERAL.—Except as provided in paragraph (2), the Secretary shall promulgate such regulations as necessary to carry out the provisions of this section.

''(2) COORDINATION IN PRESCRIPTION OF CERTAIN REGULATIONS.—The Secretary of the Treasury, in coordination with the Secretary of Transportation and the Administrator of the Environmental Protection Agency, shall prescribe such regulations as necessary to determine whether a motor vehicle meets the requirements to be eligible for a credit under this section.

''(h) TERMINATION.—This section shall not apply to any property purchased after—

''(1) in the case of a new qualified fuel cell motor vehicle (as described in subsection (b)), December 31, 2015,

''(2) in the case of a new advanced lean burn technology motor vehicle (as described in subsection (c)) or a new qualified hybrid motor vehicle (as described in subsection (d)), December 31, 2009, and

''(3) in the case of a new qualified alternative fuel vehicle (as described in subsection (e)), December 31, 2010.''.

(b) CONFORMING AMENDMENTS.—

(1) Section 1016(a), as amended by this Act, is amended by striking ''and'' at the end of paragraph (35), by striking the period at the end of paragraph (36) and inserting '', and'',

and by adding at the end the following new paragraph:

''(37) to the extent provided in section 30B(h)(4).''.

(2) Section 55(c)(2), as amended by this Act, is amended by inserting ''30B(g),'' after ''30(b)(2),''.

(3) Section 6501(m) is amended by inserting ''30B(h)(9),'' after ''30(d)(4),''.

(4) The table of sections for subpart B of part IV of subchapter A of chapter 1 is amended by inserting after the item relating to section 30A the following new item:

''Sec. 30B. Alternative motor vehicle credit.''.

(c) EFFECTIVE DATE.—The amendments made by this section shall apply to property placed in service after the date of the enactment of this Act, in taxable years ending after such date.

(d) STICKER INFORMATION REQUIRED AT RETAIL SALE.—

(1) IN GENERAL.—The Secretary of the Treasury shall issue regulations under which each qualified vehicle sold at retail shall display a notice—

(A) that such vehicle is a qualified vehicle, and

(B) that the buyer may not benefit from the credit allowed under section 30B of the Internal Revenue Code of 1986 if such buyer has insufficient tax liability.

(2) QUALIFIED VEHICLE.—For purposes of paragraph (1), the term ''qualified vehicle'' means a vehicle with respect to which a credit is allowed under section 30B of the Internal Revenue Code of 1986.

(e) NONAPPLICATION OF SECTION .—Notwithstanding any other provision of this Act, the provisions of, and amendments made by, section 1531 of this Act shall be null and void.

**SEC. 1702. CREDIT FOR INSTALLATION OF ALTERNATIVE FUEL REFUELING STATIONS.**

(a) IN GENERAL.—Subpart B of part IV of subchapter A of chapter 1 (relating to foreign tax credit, etc.), as amended by this Act, is amended by adding at the end the following new section:

**''SEC. 30C. ALTERNATIVE FUEL VEHICLE REFUELING PROPERTY CREDIT.**

''(a) CREDIT ALLOWED.—There shall be allowed as a credit against the tax imposed by this chapter for the taxable year an amount equal to 50 percent of the cost of any qualified alternative fuel vehicle refueling property placed in service by the taxpayer during the taxable year.

''(b) LIMITATION.—The credit allowed under subsection (a) with respect to any alternative fuel vehicle refueling property shall not exceed—

''(1) $50,000 in the case of a property of a character subject to an allowance for depreciation, and

''(2) $1,000 in any other case.

''(c) QUALIFIED ALTERNATIVE FUEL VEHICLE REFUELING PROPERTY.—For purposes of this section—

''(1) IN GENERAL.—Except as provided in paragraph (2), the term 'qualified alternative fuel vehicle refueling property' has the meaning given to such term by section 179A(d), but only with respect to any fuel at least 85 percent of the volume of which consists of ethanol, natural gas, compressed natural gas, liquefied natural gas, liquefied petroleum gas, and hydrogen.

''(2) RESIDENTIAL PROPERTY.—In the case of any property installed on property which is used as the principal residence (within the meaning of section 121) of the taxpayer, paragraph (1) of section 179A(d) shall not apply.

''(d) APPLICATION WITH OTHER CREDITS.—The credit allowed under subsection (a) for any taxable year shall not exceed the excess (if any) of—

''(1) the regular tax for the taxable year reduced by the sum of the credits allowable under subpart A and sections 27, 29, 30, and 30B, over

''(2) the tentative minimum tax for the taxable year.

''(e) CARRYFORWARD ALLOWED.—

''(1) IN GENERAL.—If the credit amount allowable under subsection (a) for a taxable year exceeds the amount of the limitation under subsection (d) for such taxable year, such excess shall be allowed as a credit carryforward for each of the 20 taxable years following the unused credit year.

''(2) RULES.—Rules similar to the rules of section 39 shall apply with respect to the credit carryforward under paragraph (1).

''(f) SPECIAL RULES.—For purposes of this section—

''(1) BASIS REDUCTION.—The basis of any property shall be reduced by the portion of the cost of such property taken into account under subsection (a).

''(2) NO DOUBLE BENEFIT.—No deduction shall be allowed under section 179A with respect to any property with respect to which a credit is allowed under subsection (a).

''(3) PROPERTY USED BY TAX-EXEMPT ENTITY.—In the case of any qualified alternative fuel vehicle refueling property the use of which is described in paragraph (3) or (4) of section 50(b) and which is not subject to a lease, the person who sold such property to the person or entity using such property shall be treated as the taxpayer that placed such property in service, but only if such person clearly discloses to such person or entity in a document the amount of any credit allowable under subsection (a) with respect to such property (determined without regard to subsection (d)).

''(4) PROPERTY USED OUTSIDE UNITED STATES NOT QUALIFIED.—No credit shall be allowable under subsection (a) with respect to any property referred to in section 50(b)(1) or with respect to the portion of the cost of any property taken into account under section 179.

''(5) ELECTION NOT TO TAKE CREDIT.—No credit shall be allowed under subsection (a) for any property if the taxpayer elects not to have this section apply to such property.

''(6) RECAPTURE RULES.—Rules similar to the rules of section 179A(e)(4) shall apply.

''(g) REGULATIONS.—The Secretary shall prescribe such regulations as necessary to carry out the provisions of this section.

''(h) TERMINATION.—This section shall not apply to any property placed in service—

''(1) in the case of property relating to hydrogen, after December 31, 2014, and

''(2) in the case of any other property, after December 31, 2009.''.

(b) MODIFICATIONS TO EXTENSION OF DEDUCTION FOR CERTAIN REFUELING PROPERTY.—

(1) INCREASE IN DEDUCTION FOR HYDROGEN INFRASTRUCTURE.—Section 179A(b)(2)(A)(i) is amended by inserting ''($200,000 in the case of property relating to hydrogen)'' after ''$100,000''.

(2) EXTENSION OF DEDUCTION.—Subsection (f) of section 179A is amended to read as follows:

''(f) TERMINATION.—This section shall not apply to any property placed in service—

''(1) in the case of property relating to hydrogen, after December 31, 2014, and

''(2) in the case of any other property, after December 31, 2009.''.

(c) INCENTIVE FOR PRODUCTION OF HYDROGEN AT QUALIFIED CLEAN-FUEL VEHICLE REFUELING PROPERTY.—Section 179A(d) (defining qualified clean-fuel vehicle refueling property) is amended by adding at the end the following new flush sentence:

''In the case of clean-burning fuel which is hydrogen produced from another clean-burning fuel, paragraph (3)(A) shall be applied by substituting 'production, storage, or dispensing' for 'storage or dispensing' both places it appears.''.

(d) CONFORMING AMENDMENTS.—

(1) Section 1016(a), as amended by this Act, is amended by striking ''and'' at the end of paragraph (36), by striking the period at the end of paragraph (37) and inserting '', and'', and by adding at the end the following new paragraph:

''(38) to the extent provided in section 30C(f).''.

(2) Section 55(c)(2), as amended by this Act, is amended by inserting ''30C(e),'' after ''30B(e),''.

(3) Section 6501(m) is amended by inserting ''30C(f)(5),'' after ''30B(f)(9),''.

(4) The table of sections for subpart B of part IV of subchapter A of chapter 1, as amended by this Act, is amended by inserting after the item relating to section 30B the following new item:

''Sec. 30C. Clean-fuel vehicle refueling property credit.''.

(e) EFFECTIVE DATE.—The amendments made by this section shall apply to property placed in service after December 31, 2005, in taxable years ending after such date.

(f) NONAPPLICATION OF SECTION.—Notwithstanding any other provision of this Act, the provisions of, and amendments made by, section 1533 of this Act shall be null and void.

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**SA 932.** Mr. LEVIN (for himself and Mr. BAYH) submitted an amendment intended to be proposed by him to the bill H.R. 6, to ensure jobs for our future with secure, afforadable, and reliable energy; which was ordered to lie on the table; as follows:

At the end add the following:

**TITLE XVII—TAX INCENTIVES FOR ALTERNATIVE MOTOR VEHICLES AND FUELS**

**SEC. 1700. AMENDMENT OF 1986 CODE.**

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 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.

**Subtitle A—Tax Incentives**

**SEC. 1703. ADVANCED TECHNOLOGY MOTOR VEHICLES MANUFACTURING CREDIT.**

(a) IN GENERAL.—Subpart B of part IV of subchapter A of chapter 1 (relating to foreign tax credit, etc.), as amended by this Act, is amended by adding at the end the following new section:

**''SEC. 30D. ADVANCED TECHNOLOGY MOTOR VEHICLES MANUFACTURING CREDIT.**

''(a) CREDIT ALLOWED.—There shall be allowed as a credit against the tax imposed by this chapter for the taxable year an amount equal to 35 percent of so much of the qualified investment of an eligible taxpayer for such taxable year as does not exceed $25,000,000.

''(b) QUALIFIED INVESTMENT.—For purposes of this section—

''(1) IN GENERAL.—The qualified investment for any taxable year is equal to the incremental costs incurred during such taxable year—

''(A) to re-equip or expand any manufacturing facility of the eligible taxpayer to produce advanced technology motor vehicles or to produce eligible components,

''(B) for engineering integration of such vehicles and components as described in subsection (d), and

''(C) for research and development related to advanced technology motor vehicles and eligible components.

''(2) ATTRIBUTION RULES.—In the event a facility of the eligible taxpayer produces both

advanced technology motor vehicles and conventional motor vehicles, or eligible and non-eligible components, only the qualified investment attributable to production of advanced technology motor vehicles and eligible components shall be taken into account.

''(c) ADVANCED TECHNOLOGY MOTOR VEHICLES AND ELIGIBLE COMPONENTS.—For purposes of this section—

''(1) ADVANCED TECHNOLOGY MOTOR VEHICLE.—The term 'advanced technology motor vehicle' means—

''(A) any new advanced lean burn technology motor vehicle (as defined in section 30B(c)(3)), or

''(B) any new qualified hybrid motor vehicle (as defined in section 30B(d)(2)(A) and determined without regard to any gross vehicle weight rating).

''(2) ELIGIBLE COMPONENTS.—The term 'eligible component' means any component inherent to any advanced technology motor vehicle, including—

''(A) with respect to any gasoline or diesel-electric new qualified hybrid motor vehicle—

''(i) electric motor or generator,

''(ii) power split device,

''(iii) power control unit,

''(iv) power controls,

''(v) integrated starter generator, or

''(vi) battery,

''(B) with respect to any hydraulic new qualified hybrid motor vehicle—

''(i) hydraulic accumulator vessel,

''(ii) hydraulic pump, or

''(iii) hydraulic pump-motor assembly,

''(C) with respect to any new advanced lean burn technology motor vehicle—

''(i) diesel engine,

''(ii) turbocharger,

''(iii) fuel injection system, or

''(iv) after-treatment system, such as a particle filter or NOx absorber, and

''(D) with respect to any advanced technology motor vehicle, any other component submitted for approval by the Secretary.

''(d) ENGINEERING INTEGRATION COSTS.—For purposes of subsection (b)(1)(B), costs for engineering integration are costs incurred prior to the market introduction of advanced technology vehicles for engineering tasks related to—

''(1) establishing functional, structural, and performance requirements for component and subsystems to meet overall vehicle objectives for a specific application,

''(2) designing interfaces for components and subsystems with mating systems within a specific vehicle application,

''(3) designing cost effective, efficient, and reliable manufacturing processes to produce components and subsystems for a specific vehicle application, and

''(4) validating functionality and performance of components and subsystems for a specific vehicle application.

''(e) ELIGIBLE TAXPAYER.—For purposes of this section, the term 'eligible taxpayer' means any taxpayer if more than 50 percent of its gross receipts for the taxable year is derived from the manufacture of motor vehicles or any component parts of such vehicles.

''(f) LIMITATION BASED ON AMOUNT OF TAX.—The credit allowed under subsection (a) for the taxable year shall not exceed the excess of—

''(1) the sum of—

''(A) the regular tax liability (as defined in section 26(b)) for such taxable year, plus

''(B) the tax imposed by section 55 for such taxable year and any prior taxable year beginning after 1986 and not taken into account under section 53 for any prior taxable year, over

''(2) the sum of the credits allowable under subpart A and sections 27, 30, and 30B for the taxable year.

''(g) REDUCTION IN BASIS.—For purposes of this subtitle, if a credit is allowed under this section for any expenditure with respect to any property, the increase in the basis of such property which would (but for this paragraph) result from such expenditure shall be reduced by the amount of the credit so allowed.

''(h) NO DOUBLE BENEFIT.—

''(1) COORDINATION WITH OTHER DEDUCTIONS AND CREDITS.—Except as provided in paragraph (2), the amount of any deduction or other credit allowable under this chapter for any cost taken into account in determining the amount of the credit under subsection (a) shall be reduced by the amount of such credit attributable to such cost.

''(2) RESEARCH AND DEVELOPMENT COSTS.—

''(A) IN GENERAL.—Except as provided in subparagraph (B), any amount described in subsection (b)(1)(C) taken into account in determining the amount of the credit under subsection (a) for any taxable year shall not be taken into account for purposes of determining the credit under section 41 for such taxable year.

''(B) COSTS TAKEN INTO ACCOUNT IN DETERMINING BASE PERIOD RESEARCH EXPENSES.—Any amounts described in subsection (b)(1)(C) taken into account in determining the amount of the credit under subsection (a) for any taxable year which are qualified research expenses (within the meaning of section 41(b)) shall be taken into account in determining base period research expenses for purposes of applying section 41 to subsequent taxable years.

''(i) BUSINESS CARRYOVERS ALLOWED.—If the credit allowable under subsection (a) for a taxable year exceeds the limitation under subsection (f) for such taxable year, such excess (to the extent of the credit allowable with respect to property subject to the allowance for depreciation) shall be allowed as a credit carryback and carryforward under rules similar to the rules of section 39.

''(j) SPECIAL RULES.—For purposes of this section, rules similar to the rules of paragraphs (4) and (5) of section 179A(e) and paragraphs (1) and (2) of section 41(f) shall apply

''(k) ELECTION NOT TO TAKE CREDIT.—No credit shall be allowed under subsection (a) for any property if the taxpayer elects not to have this section apply to such property.

''(l) REGULATIONS.—The Secretary shall prescribe such regulations as necessary to carry out the provisions of this section.

''(m) TERMINATION.—This section shall not apply to any qualified investment after December 31, 2010.''.

(b) CONFORMING AMENDMENTS.—

(1) Section 1016(a), as amended by this Act, is amended by striking ''and'' at the end of paragraph (39), by striking the period at the end of paragraph (40) and inserting '', and'', and by adding at the end the following new paragraph:

''(41) to the extent provided in section 30D(g).''.

(2) Section 6501(m), as amended by this Act, is amended by inserting ''30D(k),'' after ''30C(j),''.

(3) The table of sections for subpart B of part IV of subchapter A of chapter 1, as amended by this Act, is amended by inserting after the item relating to section 30C the following new item:

''Sec. 30D. Advanced technology motor vehicles manufacturing credit.''.

(c) EFFECTIVE DATE.—The amendments made by this section shall apply to amounts incurred in taxable years beginning after December 31, 2005.

**Subtitle B—Revenue Offset Provisions**

**PART I—GENERAL PROVISIONS**

**SEC. 1711. TREATMENT OF CONTINGENT PAYMENT CONVERTIBLE DEBT INSTRUMENTS.**

(a) IN GENERAL.—Section 1275(d) (relating to regulation authority) is amended—

(1) by striking ''The Secretary'' and inserting the following:

''(1) IN GENERAL.—The Secretary'', and

(2) by adding at the end the following new paragraph:

''(2) TREATMENT OF CONTINGENT PAYMENT CONVERTIBLE DEBT.—

''(A) IN GENERAL.—In the case of a debt instrument which—

''(i) is convertible into stock of the issuing corporation, into stock or debt of a related party (within the meaning of section 267(b) or 707(b)(1)), or into cash or other property in an amount equal to the approximate value of such stock or debt, and

''(ii) provides for contingent payments,

any regulations which require original issue discount to be determined by reference to the comparable yield of a noncontingent fixed-rate debt instrument shall be applied as if the regulations require that such comparable yield be determined by reference to a noncontingent fixed-rate debt instrument which is convertible into stock.

''(B) SPECIAL RULE.—For purposes of subparagraph (A), the comparable yield shall be determined without taking into account the yield resulting from the conversion of a debt instrument into stock.''.

(b) CROSS REFERENCE.—Section 163(e)(6) (relating to cross references) is amended by adding at the end the following:

''For the treatment of contingent payment convertible debt, see section 1275(d)(2).''.

(c) EFFECTIVE DATE.—The amendments made by this section shall apply to debt instruments issued on or after the date of the enactment of this Act.

**SEC. 1712. 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:

''(e) 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. 1713. INCREASE IN CERTAIN CRIMINAL PENALTIES.**

(a) IN GENERAL.—Section 7206 (relating to fraud and false statements) is amended—

(1) by striking ''Any person who—'' and inserting ''(a) IN GENERAL.—Any person who—'', and

(2) by adding at the end the following new subsection:

''(b) INCREASE IN MONETARY LIMITATION FOR UNDERPAYMENT OR OVERPAYMENT OF TAX DUE TO FRAUD.—If any portion of any underpayment (as defined in section 6664(a)) or overpayment (as defined in section 6401(a)) of tax required to be shown on a return is attributable to fraudulent action described in subsection (a), the applicable dollar amount under subsection (a) shall in no event be less than an amount equal to such portion. A rule similar to the rule under section 6663(b) shall apply for purposes of determining the portion so attributable.''.

(b) INCREASE IN PENALTIES.—

(1) ATTEMPT TO EVADE OR DEFEAT TAX.—Section 7201 is amended—

(A) by striking ''$100,000'' and inserting ''$500,000'',

(B) by striking ''$500,000'' and inserting ''$1,000,000'', and

(C) by striking ''5 years'' and inserting ''10 years''.

(2) WILLFUL FAILURE TO FILE RETURN, SUPPLY INFORMATION, OR PAY TAX.—Section 7203 is amended—

(A) in the first sentence—

(i) by striking ''Any person'' and inserting the following:

''(a) IN GENERAL.—Any person'', and

(ii) by striking ''$25,000'' and inserting ''$50,000'',

(B) in the third sentence, by striking ''section'' and inserting ''subsection'', and

(C) by adding at the end the following new subsection:

''(b) AGGRAVATED FAILURE TO FILE.—

''(1) IN GENERAL.—In the case of any failure described in paragraph (2), the first sentence of subsection (a) shall be applied by substituting—

''(A) 'felony' for 'misdemeanor',

''(B) '$500,000 ($1,000,000' for '$25,000 ($100,000', and

''(C) '10 years' for '1 year'.

''(2) FAILURE DESCRIBED.—A failure described in this paragraph is a failure to make a return described in subsection (a) for a period of 3 or more consecutive taxable years and the aggregated tax liability for such period is at least $100,000.''.

(3) FRAUD AND FALSE STATEMENTS.—Section 7206(a) (as redesignated by subsection (a)) is amended—

(A) by striking ''$100,000'' and inserting ''$500,000'',

(B) by striking ''$500,000'' and inserting ''$1,000,000'', and

(C) by striking ''3 years'' and inserting ''5 years''.

(c) EFFECTIVE DATE.—The amendments made by this section shall apply to actions, and failures to act, occurring after the date of the enactment of this Act.

**SEC. 1714. DOUBLING OF CERTAIN PENALTIES, FINES, AND INTEREST ON UNDERPAYMENTS RELATED TO CERTAIN OFFSHORE FINANCIAL ARRANGEMENTS.**

(a) DETERMINATION OF PENALTY.—

(1) IN GENERAL.—Notwithstanding any other provision of law, in the case of an applicable taxpayer—

(A) the determination as to whether any interest or applicable penalty is to be imposed with respect to any arrangement described in paragraph (2), or to any underpayment of Federal income tax attributable to items arising in connection with any such arrangement, shall be made without regard to the rules of subsections (b), (c), and (d) of section 6664 of the Internal Revenue Code of 1986, and

(B) if any such interest or applicable penalty is imposed, the amount of such interest or penalty shall be equal to twice that determined without regard to this section.

(2) APPLICABLE TAXPAYER.—For purposes of this subsection—

(A) IN GENERAL.—The term ''applicable taxpayer'' means a taxpayer which—

(i) has underreported its United States income tax liability with respect to any item which directly or indirectly involves—

(I) any financial arrangement which in any manner relies on the use of offshore payment mechanisms (including credit, debit, or charge cards) issued by banks or other entities in foreign jurisdictions, or

(II) any offshore financial arrangement (including any arrangement with foreign banks, financial institutions, corporations, partnerships, trusts, or other entities), and

(ii) has not signed a closing agreement pursuant to the Voluntary Offshore Compliance Initiative established by the Department of the Treasury under Revenue Procedure 2003-11 or voluntarily disclosed its participation in such arrangement by notifying the Internal Revenue Service of such arrangement prior to the issue being raised by the Internal Revenue Service during an examination.

(B) AUTHORITY TO WAIVE.—The Secretary of the Treasury or the Secretary's delegate may waive the application of paragraph (1) to any taxpayer if the Secretary or the Secretary's delegate determines that the use of such offshore payment mechanisms is incidental to the transaction and, in addition, in the case of a trade or business, such use is conducted in the ordinary course of the trade or business of the taxpayer.

(C) ISSUES RAISED.—For purposes of subparagraph (A)(ii), an item shall be treated as an issue raised during an examination if the individual examining the return—

(i) communicates to the taxpayer knowledge about the specific item, or

(ii) has made a request to the taxpayer for information and the taxpayer could not make a complete response to that request without giving the examiner knowledge of the specific item.

(b) DEFINITIONS AND RULES.—For purposes of this section—

(1) APPLICABLE PENALTY.—The term ''applicable penalty'' means any penalty, addition to tax, or fine imposed under chapter 68 of the Internal Revenue Code of 1986.

(2) FEES AND EXPENSES.—The Secretary of the Treasury may retain and use an amount not in excess of 25 percent of all additional interest, penalties, additions to tax, and fines collected under this section to be used for enforcement and collection activities of the Internal Revenue Service. The Secretary

shall keep adequate records regarding amounts so retained and used. The amount credited as paid by any taxpayer shall be determined without regard to this paragraph.

(c) REPORT BY SECRETARY.—The Secretary shall each year conduct a study and report to Congress on the implementation of this section during the preceding year, including statistics on the number of taxpayers affected by such implementation and the amount of interest and applicable penalties asserted, waived, and assessed during such preceding year.

(d) EFFECTIVE DATE.—The provisions of this section shall apply to interest, penalties, additions to tax, and fines with respect to any taxable year if, as of the date of the enactment of this Act, the assessment of any tax, penalty, or interest with respect to such taxable year is not prevented by the operation of any law or rule of law.

**SEC. 1715. MODIFICATION OF INTERACTION BETWEEN SUBPART F AND PASSIVE FOREIGN INVESTMENT COMPANY RULES.**

(a) LIMITATION ON EXCEPTION FROM PFIC RULES FOR UNITED STATES SHAREHOLDERS OF CONTROLLED FOREIGN CORPORATIONS.—Paragraph (2) of section 1297(e) (relating to passive foreign investment company) is amended by adding at the end the following flush sentence:

''Such term shall not include any period if the earning of subpart F income by such corporation during such period would result in only a remote likelihood of an inclusion in gross income under section 951(a)(1)(A)(i).''.

(b) EFFECTIVE DATE.—The amendment made by this section shall apply to taxable years of controlled foreign corporations beginning after March 2, 2005, and to taxable years of United States shareholders with or within which such taxable years of controlled foreign corporations end.

**SEC. 1716. DECLARATION BY CHIEF EXECUTIVE OFFICER RELATING TO FEDERAL ANNUAL CORPORATE INCOME TAX RETURN.**

(a) IN GENERAL.—The Federal annual tax return of a corporation with respect to income shall also include a declaration signed by the chief executive officer of such corporation (or other such officer of the corporation as the Secretary of the Treasury may designate if the corporation does not have a chief executive officer), under penalties of perjury, that the corporation has in place processes and procedures that ensure that such return complies with the Internal Revenue Code of 1986 and that the chief executive officer was provided reasonable assurance of the accuracy of all material aspects of such return. The preceding sentence shall not apply to any return of a regulated investment company (within the meaning of section 851 of such Code).

(b) EFFECTIVE DATE.—This section shall apply to Federal annual tax returns for taxable years ending after the date of the enactment of this Act.

**SEC. 1717. TREASURY REGULATIONS ON FOREIGN TAX CREDIT.**

(a) IN GENERAL.—Section 901 (relating to taxes of foreign countries and of possessions of United States) is amended by redesignating subsection (m) as subsection (n) and by inserting after subsection (l) the following new subsection:

''(m) REGULATIONS.—The Secretary may prescribe regulations disallowing a credit under subsection (a) for all or a portion of any foreign tax, or allocating a foreign tax among 2 or more persons, in cases where the foreign tax is imposed on any person in respect of income of another person or in other cases involving the inappropriate separation of the foreign tax from the related foreign income.''.

(b) EFFECTIVE DATE.—The amendments made by this section shall apply to transactions entered into after the date of the enactment of this Act.

**SEC. 1718. WHISTLEBLOWER REFORMS.**

(a) IN GENERAL.—Section 7623 (relating to expenses of detection of underpayments and fraud, etc.) is amended—

(1) by striking ''The Secretary'' and inserting ''(a) IN GENERAL.—The Secretary'',

(2) by striking ''and'' at the end of paragraph (1) and inserting ''or'',

(3) by striking ''(other than interest)'', and

(4) by adding at the end the following new subsections:

''(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) shall be subject to the filing by the individual described in such paragraph of a petition for review with the Tax Court under rules similar to the rules under section 7463 (without regard to the amount in dispute) and such review shall be subject to the rules under section 7461(b)(1).

''(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 $20,000.

''(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) AWARD NOT SUBJECT TO INDIVIDUAL ALTERNATIVE MINIMUM TAX.—No award received under this subsection shall be included in gross income for purposes of determining alternative minimum taxable income.

''(c) WHISTLEBLOWER OFFICE.—

''(1) IN GENERAL.—There is established in the Internal Revenue Service an office to be known as the 'Whistleblower Office' which—

''(A) shall at all times operate at the direction of the Commissioner and coordinate and consult with other divisions in the Internal Revenue Service as directed by the Commissioner,

''(B) shall analyze information received from any individual described in subsection (b) and either investigate the matter itself or assign it to the appropriate Internal Revenue Service office,

''(C) shall monitor any action taken with respect to such matter,

''(D) shall inform such individual that it has accepted the individual's information for further review,

''(E) may require such individual and any legal representative of such individual to not disclose any information so provided,

''(F) in its sole discretion, may ask for additional assistance from such individual or any legal representative of such individual, and

''(G) shall determine the amount to be awarded to such individual under subsection (b).

''(2) FUNDING FOR OFFICE.—There is authorized to be appropriated $10,000,000 for each fiscal year for the Whistleblower Office. These funds shall be used to maintain the Whistleblower Office and also to reimburse other Internal Revenue Service offices for related costs, such as costs of investigation and collection.

''(3) REQUEST FOR ASSISTANCE.—

''(A) IN GENERAL.—Any assistance requested under paragraph (1)(F) shall be under the direction and control of the Whistleblower Office or the office assigned to investigate the matter under subparagraph (A). To the extent the disclosure of any returns or return information to the individual or legal representative is required for the performance of such assistance, such disclosure shall be pursuant to a contract entered into between the Secretary and the recipients of such disclosure subject to section 6103(n). 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.

''(B) FUNDING OF ASSISTANCE.—From the amounts available for expenditure under subsection (b), the Whistleblower Office may, with the agreement of the individual described in subsection (b), reimburse the costs incurred by any legal representative of such individual in providing assistance described in subparagraph (A).

''(d) REPORT BY SECRETARY.—The Secretary shall each year conduct a study and report to Congress on the use of this section, including—

''(1) an analysis of the use of this section during the preceding year and the results of such use, and

''(2) any legislative or administrative recommendations regarding the provisions of this section and its application.''.

(b) EFFECTIVE DATE.—The amendments made by this section shall apply to information provided on or after the date of the enactment of this Act.

**SEC. 1719. DENIAL OF DEDUCTION FOR CERTAIN FINES, PENALTIES, AND OTHER AMOUNTS.**

(a) IN GENERAL.—Subsection (f) of section 162 (relating to trade or business expenses) is amended to read as follows:

''(f) FINES, PENALTIES, AND OTHER AMOUNTS.—

''(1) IN GENERAL.—Except as provided in paragraph (2), no deduction otherwise allowable shall be allowed under this chapter for any amount paid or incurred (whether by suit, agreement, or otherwise) to, or at the direction of, a government or entity described in paragraph (4) in relation to the violation of any law or the investigation or inquiry by such government or entity into the potential violation of any law.

''(2) EXCEPTION FOR AMOUNTS CONSTITUTING RESTITUTION.—Paragraph (1) shall not apply to any amount which—

''(A) the taxpayer establishes constitutes restitution (including remediation of property) for damage or harm caused by or which may be caused by the violation of any law or the potential violation of any law, and

''(B) is identified as restitution in the court order or settlement agreement.

Identification pursuant to subparagraph (B) alone shall not satisfy the requirement under subparagraph (A). This paragraph shall not apply to any amount paid or incurred as reimbursement to the government or entity for the costs of any investigation or litigation.

''(3) EXCEPTION FOR AMOUNTS PAID OR INCURRED AS THE RESULT OF CERTAIN COURT ORDERS.—Paragraph (1) shall not apply to any amount paid or incurred by order of a court in a suit in which no government or entity described in paragraph (4) is a party.

''(4) CERTAIN NONGOVERNMENTAL REGULATORY ENTITIES.—An entity is described in this paragraph if it is—

''(A) a nongovernmental entity which exercises self-regulatory powers (including imposing sanctions) in connection with a qualified board or exchange (as defined in section 1256(g)(7)), or

''(B) to the extent provided in regulations, a nongovernmental entity which exercises self-regulatory powers (including imposing sanctions) as part of performing an essential governmental function.

''(5) EXCEPTION FOR TAXES DUE.—Paragraph (1) shall not apply to any amount paid or incurred as taxes due.''.

(b) EFFECTIVE DATE.—The amendment made by this section shall apply to amounts paid or incurred on or after the date of the enactment of this Act, except that such amendment shall not apply to amounts paid or incurred under any binding order or agreement entered into before such date. Such exception shall not apply to an order or agreement requiring court approval unless the approval was obtained before such date.

**SEC. 1720. FREEZE OF INTEREST SUSPENSION RULES WITH RESPECT TO LISTED TRANSACTIONS.**

(a) IN GENERAL.—Paragraph (2) of section 903(d) of the American Jobs Creation Act of 2005 is amended to read as follows:

''(2) EXCEPTION FOR REPORTABLE OR LISTED TRANSACTIONS.—

''(A) IN GENERAL.—The amendments made by subsection (c) shall apply with respect to interest accruing after October 3, 2004.

''(B) SPECIAL RULE FOR CERTAIN LISTED TRANSACTIONS.—

''(i) IN GENERAL.—Except as provided in clause (ii) or (iii), in the case of any listed transaction, the amendments made by subsection (c) shall also apply with respect to interest accruing on or before October 3, 2004.

''(ii) PARTICIPANTS IN SETTLEMENT INITIATIVES.—Clause (i) shall not apply to a listed transaction if, as of May 9, 2005—

''(I) the taxpayer is participating in a published settlement initiative which is offered by the Secretary of the Treasury or his delegate to a group of similarly situated taxpayers claiming benefits from the listed transaction, or

''(II) the taxpayer has entered into a settlement agreement pursuant to such an initiative with respect to the tax liability arising in connection with the listed transaction.

Subclause (I) shall not apply to the taxpayer if, after May 9, 2005, the taxpayer withdraws from, or terminates, participation in the initiative or the Secretary or his delegate determines that a settlement agreement will not be reached pursuant to the initiative within a reasonable period of time.

''(iii) CLOSED TRANSACTIONS.—Clause (i) shall not apply to a listed transaction if, as of May 9, 2005—

''(I) the assessment of all Federal income taxes for the taxable year in which the tax liability to which the interest relates arose is prevented by the operation of any law or rule of law, or

''(II) a closing agreement under section 7121 has been entered into with respect to the tax liability arising in connection with the listed transaction.''.

(b) EFFECTIVE DATE.—The amendment made by this section shall take effect as if included in the provisions of the American Jobs Creation Act of 2004 to which it relates.

**SEC. 1721. MODIFICATIONS OF EFFECTIVE DATES OF LEASING PROVISIONS OF THE AMERICAN JOBS CREATION ACT OF 2004.**

(a) REPEAL OF EXCEPTION FOR QUALIFIED TRANSPORTATION PROPERTY.—Section 849(b) of the American Jobs Creation Act of 2004 is amended by striking paragraphs (1) and (2) and by redesignating paragraphs (3) and (4) as paragraphs (1) and (2).

(b) EFFECTIVE DATE.—The amendments made by this section shall take effect as if included in the enactment of the American Jobs Creation Act of 2004.

**SEC. 1722. IMPOSITION OF MARK-TO-MARKET TAX ON INDIVIDUALS WHO EXPATRIATE.**

(a) IN GENERAL.—Subpart A of part II of subchapter N of chapter 1 is amended by inserting after section 877 the following new section:

**''SEC. 877A. TAX RESPONSIBILITIES OF EXPATRIATION.**

''(a) GENERAL RULES.—For purposes of this subtitle—

''(1) MARK TO MARKET.—Except as provided in subsections (d) and (f), all property of a covered expatriate to whom this section applies shall be treated as sold on the day before the expatriation date for its fair market value.

''(2) RECOGNITION OF GAIN OR LOSS.—In the case of any sale under paragraph (1)—

''(A) notwithstanding any other provision of this title, any gain arising from such sale shall be taken into account for the taxable year of the sale, and

''(B) any loss arising from such sale shall be taken into account for the taxable year of the sale to the extent otherwise provided by this title, except that section 1091 shall not apply to any such loss.

Proper adjustment shall be made in the amount of any gain or loss subsequently realized for gain or loss taken into account under the preceding sentence.

''(3) EXCLUSION FOR CERTAIN GAIN.—

''(A) IN GENERAL.—The amount which, but for this paragraph, would be includible in the gross income of any individual by reason of this section shall be reduced (but not below zero) by $600,000. For purposes of this paragraph, allocable expatriation gain taken into account under subsection (f)(2) shall be treated in the same manner as an amount required to be includible in gross income.

''(B) COST-OF-LIVING ADJUSTMENT.—

''(i) IN GENERAL.—In the case of an expatriation date occurring in any calendar year after 2005, the $600,000 amount under subparagraph (A) 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, determined by substituting 'calendar year 2004' for 'calendar year 1992' in subparagraph (B) thereof.

''(ii) ROUNDING RULES.—If any amount after adjustment under clause (i) is not a multiple of $1,000, such amount shall be rounded to the next lower multiple of $1,000.

''(4) ELECTION TO CONTINUE TO BE TAXED AS UNITED STATES CITIZEN.—

''(A) IN GENERAL.—If a covered expatriate elects the application of this paragraph—

''(i) this section (other than this paragraph and subsection (i)) shall not apply to the expatriate, but

''(ii) in the case of property to which this section would apply but for such election, the expatriate shall be subject to tax under this title in the same manner as if the individual were a United States citizen.

''(B) REQUIREMENTS.—Subparagraph (A) shall not apply to an individual unless the individual—

''(i) provides security for payment of tax in such form and manner, and in such amount, as the Secretary may require,

''(ii) consents to the waiver of any right of the individual under any treaty of the United States which would preclude assessment or collection of any tax which may be imposed by reason of this paragraph, and

''(iii) complies with such other requirements as the Secretary may prescribe.

''(C) ELECTION.—An election under subparagraph (A) shall apply to all property to which this section would apply but for the election and, once made, shall be irrevocable. Such election shall also apply to property the basis of which is determined in whole or in part by reference to the property with respect to which the election was made.

''(b) ELECTION TO DEFER TAX.—

''(1) IN GENERAL.—If the taxpayer elects the application of this subsection with respect to any property treated as sold by reason of subsection (a), the payment of the additional tax attributable to such property shall be postponed until the due date of the return for the taxable year in which such property is disposed of (or, in the case of property disposed of in a transaction in which gain is not recognized in whole or in part, until such other date as the Secretary may prescribe).

''(2) DETERMINATION OF TAX WITH RESPECT TO PROPERTY.—For purposes of paragraph (1), the additional tax attributable to any property is an amount which bears the same ratio to the additional tax imposed by this chapter for the taxable year solely by reason of subsection (a) as the gain taken into account under subsection (a) with respect to such property bears to the total gain taken into account under subsection (a) with respect to all property to which subsection (a) applies.

''(3) TERMINATION OF POSTPONEMENT.—No tax may be postponed under this subsection later than the due date for the return of tax imposed by this chapter for the taxable year which includes the date of death of the expatriate (or, if earlier, the time that the security provided with respect to the property fails to meet the requirements of paragraph

(4), unless the taxpayer corrects such failure within the time specified by the Secretary).

''(4) SECURITY.—

''(A) IN GENERAL.—No election may be made under paragraph (1) with respect to any property unless adequate security is provided to the Secretary with respect to such property.

''(B) ADEQUATE SECURITY.—For purposes of subparagraph (A), security with respect to any property shall be treated as adequate security if—

''(i) it is a bond in an amount equal to the deferred tax amount under paragraph (2) for the property, or

''(ii) the taxpayer otherwise establishes to the satisfaction of the Secretary that the security is adequate.

''(5) WAIVER OF CERTAIN RIGHTS.—No election may be made under paragraph (1) unless the taxpayer consents to the waiver of any right under any treaty of the United States which would preclude assessment or collection of any tax imposed by reason of this section.

''(6) ELECTIONS.—An election under paragraph (1) shall only apply to property described in the election and, once made, is irrevocable. An election may be made under paragraph (1) with respect to an interest in a trust with respect to which gain is required to be recognized under subsection (f)(1).

''(7) INTEREST.—For purposes of section 6601—

''(A) the last date for the payment of tax shall be determined without regard to the election under this subsection, and

''(B) section 6621(a)(2) shall be applied by substituting '5 percentage points' for '3 percentage points' in subparagraph (B) thereof.

''(c) COVERED EXPATRIATE.—For purposes of this section—

''(1) IN GENERAL.—Except as provided in paragraph (2), the term 'covered expatriate' means an expatriate.

''(2) EXCEPTIONS.—An individual shall not be treated as a covered expatriate if—

''(A) the individual—

''(i) became at birth a citizen of the United States and a citizen of another country and, as of the expatriation date, continues to be a citizen of, and is taxed as a resident of, such other country, and

''(ii) has not been a resident of the United States (as defined in section 7701(b)(1)(A)(ii)) during the 5 taxable years ending with the taxable year during which the expatriation date occurs, or

''(B)(i) the individual's relinquishment of United States citizenship occurs before such individual attains age 18½, and

''(ii) the individual has been a resident of the United States (as so defined) for not more than 5 taxable years before the date of relinquishment.

''(d) EXEMPT PROPERTY; SPECIAL RULES FOR PENSION PLANS.—

''(1) EXEMPT PROPERTY.—This section shall not apply to the following:

''(A) UNITED STATES REAL PROPERTY INTERESTS.—Any United States real property interest (as defined in section 897(c)(1)), other than stock of a United States real property holding corporation which does not, on the day before the expatriation date, meet the requirements of section 897(c)(2).

''(B) SPECIFIED PROPERTY.—Any property or interest in property not described in subparagraph (A) which the Secretary specifies in regulations.

''(2) SPECIAL RULES FOR CERTAIN RETIREMENT PLANS.—

''(A) IN GENERAL.—If a covered expatriate holds on the day before the expatriation date any interest in a retirement plan to which this paragraph applies—

''(i) such interest shall not be treated as sold for purposes of subsection (a)(1), but

''(ii) an amount equal to the present value of the expatriate's nonforfeitable accrued benefit shall be treated as having been received by such individual on such date as a distribution under the plan.

''(B) TREATMENT OF SUBSEQUENT DISTRIBUTIONS.—In the case of any distribution on or after the expatriation date to or on behalf of the covered expatriate from a plan from which the expatriate was treated as receiving a distribution under subparagraph (A), the amount otherwise includible in gross income by reason of the subsequent distribution shall be reduced by the excess of the amount includible in gross income under subparagraph (A) over any portion of such amount to which this subparagraph previously applied.

''(C) TREATMENT OF SUBSEQUENT DISTRIBUTIONS BY PLAN.—For purposes of this title, a retirement plan to which this paragraph applies, and any person acting on the plan's behalf, shall treat any subsequent distribution described in subparagraph (B) in the same manner as such distribution would be treated without regard to this paragraph.

''(D) APPLICABLE PLANS.—This paragraph shall apply to—

''(i) any qualified retirement plan (as defined in section 4974(c)),

''(ii) an eligible deferred compensation plan (as defined in section 457(b)) of an eligible employer described in section 457(e)(1)(A), and

''(iii) to the extent provided in regulations, any foreign pension plan or similar retirement arrangements or programs.

''(e) DEFINITIONS.—For purposes of this section—

''(1) EXPATRIATE.—The term 'expatriate' means—

''(A) any United States citizen who relinquishes citizenship, and

''(B) any long-term resident of the United States who—

''(i) ceases to be a lawful permanent resident of the United States (within the meaning of section 7701(b)(6)), or

''(ii) commences to be treated as a resident of a foreign country under the provisions of a tax treaty between the United States and the foreign country and who does not waive the benefits of such treaty applicable to residents of the foreign country.

''(2) EXPATRIATION DATE.—The term 'expatriation date' means—

''(A) the date an individual relinquishes United States citizenship, or

''(B) in the case of a long-term resident of the United States, the date of the event described in clause (i) or (ii) of paragraph (1)(B).

''(3) RELINQUISHMENT OF CITIZENSHIP.—A citizen shall be treated as relinquishing United States citizenship on the earliest of—

''(A) the date the individual renounces such individual's United States nationality before a diplomatic or consular officer of the United States pursuant to paragraph (5) of section 349(a) of the Immigration and Nationality Act (8 U.S.C. 1481(a)(5)),

''(B) the date the individual furnishes to the United States Department of State a signed statement of voluntary relinquishment of United States nationality confirming the performance of an act of expatriation specified in paragraph (1), (2), (3), or (4) of section 349(a) of the Immigration and Nationality Act (8 U.S.C. 1481(a)(1)–(4)),

''(C) the date the United States Department of State issues to the individual a certificate of loss of nationality, or

''(D) the date a court of the United States cancels a naturalized citizen's certificate of naturalization.

Subparagraph (A) or (B) shall not apply to any individual unless the renunciation or voluntary relinquishment is subsequently approved by the issuance to the individual of a certificate of loss of nationality by the United States Department of State.

''(4) LONG-TERM RESIDENT.—The term 'long-term resident' has the meaning given to such term by section 877(e)(2).

''(f) SPECIAL RULES APPLICABLE TO BENEFICIARIES' INTERESTS IN TRUST.—

''(1) IN GENERAL.—Except as provided in paragraph (2), if an individual is determined under paragraph (3) to hold an interest in a trust on the day before the expatriation date—

''(A) the individual shall not be treated as having sold such interest,

''(B) such interest shall be treated as a separate share in the trust, and

''(C)(i) such separate share shall be treated as a separate trust consisting of the assets allocable to such share,

''(ii) the separate trust shall be treated as having sold its assets on the day before the expatriation date for their fair market value and as having distributed all of its assets to the individual as of such time, and

''(iii) the individual shall be treated as having recontributed the assets to the separate trust.

Subsection (a)(2) shall apply to any income, gain, or loss of the individual arising from a distribution described in subparagraph (C)(ii). In determining the amount of such distribution, proper adjustments shall be made for liabilities of the trust allocable to an individual's share in the trust.

''(2) SPECIAL RULES FOR INTERESTS IN QUALIFIED TRUSTS.—

''(A) IN GENERAL.—If the trust interest described in paragraph (1) is an interest in a qualified trust—

''(i) paragraph (1) and subsection (a) shall not apply, and

''(ii) in addition to any other tax imposed by this title, there is hereby imposed on each distribution with respect to such interest a tax in the amount determined under subparagraph (B).

''(B) AMOUNT OF TAX.—The amount of tax under subparagraph (A)(ii) shall be equal to the lesser of—

''(i) the highest rate of tax imposed by section 1(e) for the taxable year which includes the day before the expatriation date, multiplied by the amount of the distribution, or

''(ii) the balance in the deferred tax account immediately before the distribution determined without regard to any increases under subparagraph (C)(ii) after the 30th day preceding the distribution.

''(C) DEFERRED TAX ACCOUNT.—For purposes of subparagraph (B)(ii)—

''(i) OPENING BALANCE.—The opening balance in a deferred tax account with respect to any trust interest is an amount equal to the tax which would have been imposed on the allocable expatriation gain with respect to the trust interest if such gain had been included in gross income under subsection (a).

''(ii) INCREASE FOR INTEREST.—The balance in the deferred tax account shall be increased by the amount of interest determined (on the balance in the account at the time the interest accrues), for periods after the 90th day after the expatriation date, by using the rates and method applicable under section 6621 for underpayments of tax for such periods, except that section 6621(a)(2) shall be applied by substituting '5 percentage points' for '3 percentage points' in subparagraph (B) thereof.

''(iii) DECREASE FOR TAXES PREVIOUSLY PAID.—The balance in the tax deferred account shall be reduced—

''(I) by the amount of taxes imposed by subparagraph (A) on any distribution to the person holding the trust interest, and

''(II) in the case of a person holding a nonvested interest, to the extent provided in

regulations, by the amount of taxes imposed by subparagraph (A) on distributions from the trust with respect to nonvested interests not held by such person.

''(D) ALLOCABLE EXPATRIATION GAIN.—For purposes of this paragraph, the allocable expatriation gain with respect to any beneficiary's interest in a trust is the amount of gain which would be allocable to such beneficiary's vested and nonvested interests in the trust if the beneficiary held directly all assets allocable to such interests.

''(E) TAX DEDUCTED AND WITHHELD.—

''(i) IN GENERAL.—The tax imposed by subparagraph (A)(ii) shall be deducted and withheld by the trustees from the distribution to which it relates.

''(ii) EXCEPTION WHERE FAILURE TO WAIVE TREATY RIGHTS.—If an amount may not be deducted and withheld under clause (i) by reason of the distributee failing to waive any treaty right with respect to such distribution—

''(I) the tax imposed by subparagraph (A)(ii) shall be imposed on the trust and each trustee shall be personally liable for the amount of such tax, and

''(II) any other beneficiary of the trust shall be entitled to recover from the distributee the amount of such tax imposed on the other beneficiary.

''(F) DISPOSITION.—If a trust ceases to be a qualified trust at any time, a covered expatriate disposes of an interest in a qualified trust, or a covered expatriate holding an interest in a qualified trust dies, then, in lieu of the tax imposed by subparagraph (A)(ii), there is hereby imposed a tax equal to the lesser of—

''(i) the tax determined under paragraph (1) as if the day before the expatriation date were the date of such cessation, disposition, or death, whichever is applicable, or

''(ii) the balance in the tax deferred account immediately before such date.

Such tax shall be imposed on the trust and each trustee shall be personally liable for the amount of such tax and any other beneficiary of the trust shall be entitled to recover from the covered expatriate or the estate the amount of such tax imposed on the other beneficiary.

''(G) DEFINITIONS AND SPECIAL RULES.—For purposes of this paragraph—

''(i) QUALIFIED TRUST.—The term 'qualified trust' means a trust which is described in section 7701(a)(30)(E).

''(ii) VESTED INTEREST.—The term 'vested interest' means any interest which, as of the day before the expatriation date, is vested in the beneficiary.

''(iii) NONVESTED INTEREST.—The term 'nonvested interest' means, with respect to any beneficiary, any interest in a trust which is not a vested interest. Such interest shall be determined by assuming the maximum exercise of discretion in favor of the beneficiary and the occurrence of all contingencies in favor of the beneficiary.

''(iv) ADJUSTMENTS.—The Secretary may provide for such adjustments to the bases of assets in a trust or a deferred tax account, and the timing of such adjustments, in order to ensure that gain is taxed only once.

''(v) COORDINATION WITH RETIREMENT PLAN RULES.—This subsection shall not apply to an interest in a trust which is part of a retirement plan to which subsection (d)(2) applies.

''(3) DETERMINATION OF BENEFICIARIES' INTEREST IN TRUST.—

''(A) DETERMINATIONS UNDER PARAGRAPH (1).—For purposes of paragraph (1), a beneficiary's interest in a trust shall be based upon all relevant facts and circumstances, including the terms of the trust instrument and any letter of wishes or similar document, historical patterns of trust distributions, and the existence of and functions performed by a trust protector or any similar adviser.

''(B) OTHER DETERMINATIONS.—For purposes of this section—

''(i) CONSTRUCTIVE OWNERSHIP.—If a beneficiary of a trust is a corporation, partnership, trust, or estate, the shareholders, partners, or beneficiaries shall be deemed to be the trust beneficiaries for purposes of this section.

''(ii) TAXPAYER RETURN POSITION.—A taxpayer shall clearly indicate on its income tax return—

''(I) the methodology used to determine that taxpayer's trust interest under this section, and

''(II) if the taxpayer knows (or has reason to know) that any other beneficiary of such trust is using a different methodology to determine such beneficiary's trust interest under this section.

''(g) TERMINATION OF DEFERRALS, ETC.—In the case of any covered expatriate, notwithstanding any other provision of this title—

''(1) any period during which recognition of income or gain is deferred shall terminate on the day before the expatriation date, and

''(2) any extension of time for payment of tax shall cease to apply on the day before the expatriation date and the unpaid portion of such tax shall be due and payable at the time and in the manner prescribed by the Secretary.

''(h) IMPOSITION OF TENTATIVE TAX.—

''(1) IN GENERAL.—If an individual is required to include any amount in gross income under subsection (a) for any taxable year, there is hereby imposed, immediately before the expatriation date, a tax in an amount equal to the amount of tax which would be imposed if the taxable year were a short taxable year ending on the expatriation date.

''(2) DUE DATE.—The due date for any tax imposed by paragraph (1) shall be the 90th day after the expatriation date.

''(3) TREATMENT OF TAX.—Any tax paid under paragraph (1) shall be treated as a payment of the tax imposed by this chapter for the taxable year to which subsection (a) applies.

''(4) DEFERRAL OF TAX.—The provisions of subsection (b) shall apply to the tax imposed by this subsection to the extent attributable to gain includible in gross income by reason of this section.

''(i) SPECIAL LIENS FOR DEFERRED TAX AMOUNTS.—

''(1) IMPOSITION OF LIEN.—

''(A) IN GENERAL.—If a covered expatriate makes an election under subsection (a)(4) or (b) which results in the deferral of any tax imposed by reason of subsection (a), the deferred amount (including any interest, additional amount, addition to tax, assessable penalty, and costs attributable to the deferred amount) shall be a lien in favor of the United States on all property of the expatriate located in the United States (without regard to whether this section applies to the property).

''(B) DEFERRED AMOUNT.—For purposes of this subsection, the deferred amount is the amount of the increase in the covered expatriate's income tax which, but for the election under subsection (a)(4) or (b), would have occurred by reason of this section for the taxable year including the expatriation date.

''(2) PERIOD OF LIEN.—The lien imposed by this subsection shall arise on the expatriation date and continue until—

''(A) the liability for tax by reason of this section is satisfied or has become unenforceable by reason of lapse of time, or

''(B) it is established to the satisfaction of the Secretary that no further tax liability may arise by reason of this section.

''(3) CERTAIN RULES APPLY.—The rules set forth in paragraphs (1), (3), and (4) of section 6324A(d) shall apply with respect to the lien imposed by this subsection as if it were a lien imposed by section 6324A.

''(j) REGULATIONS.—The Secretary shall prescribe such regulations as may be necessary or appropriate to carry out the purposes of this section.''.

(b) INCLUSION IN INCOME OF GIFTS AND BEQUESTS RECEIVED BY UNITED STATES CITIZENS AND RESIDENTS FROM EXPATRIATES.—Section 102 (relating to gifts, etc. not included in gross income) is amended by adding at the end the following new subsection:

''(d) GIFTS AND INHERITANCES FROM COVERED EXPATRIATES.—

''(1) IN GENERAL.—Subsection (a) shall not exclude from gross income the value of any property acquired by gift, bequest, devise, or inheritance from a covered expatriate after the expatriation date. For purposes of this subsection, any term used in this subsection which is also used in section 877A shall have the same meaning as when used in section 877A.

''(2) EXCEPTIONS FOR TRANSFERS OTHERWISE SUBJECT TO ESTATE OR GIFT TAX.—Paragraph (1) shall not apply to any property if either—

''(A) the gift, bequest, devise, or inheritance is—

''(i) shown on a timely filed return of tax imposed by chapter 12 as a taxable gift by the covered expatriate, or

''(ii) included in the gross estate of the covered expatriate for purposes of chapter 11 and shown on a timely filed return of tax imposed by chapter 11 of the estate of the covered expatriate, or

''(B) no such return was timely filed but no such return would have been required to be filed even if the covered expatriate were a citizen or long-term resident of the United States.''.

(c) DEFINITION OF TERMINATION OF UNITED STATES CITIZENSHIP.—Section 7701(a) is amended by adding at the end the following new paragraph:

''(49) TERMINATION OF UNITED STATES CITIZENSHIP.—

''(A) IN GENERAL.—An individual shall not cease to be treated as a United States citizen before the date on which the individual's citizenship is treated as relinquished under section 877A(e)(3).

''(B) DUAL CITIZENS.—Under regulations prescribed by the Secretary, subparagraph (A) shall not apply to an individual who became at birth a citizen of the United States and a citizen of another country.''.

(d) INELIGIBILITY FOR VISA OR ADMISSION TO UNITED STATES.—

(1) IN GENERAL.—Section 212(a)(10)(E) of the Immigration and Nationality Act (8 U.S.C. 1182(a)(10)(E)) is amended to read as follows:

''(E) FORMER CITIZENS NOT IN COMPLIANCE WITH EXPATRIATION REVENUE PROVISIONS.—Any alien who is a former citizen of the United States who relinquishes United States citizenship (within the meaning of section 877A(e)(3) of the Internal Revenue Code of 1986) and who is not in compliance with section 877A of such Code (relating to expatriation).''.

(2) AVAILABILITY OF INFORMATION.—

(A) IN GENERAL.—Section 6103(l) (relating to disclosure of returns and return information for purposes other than tax administration) is amended by adding at the end the following new paragraph:

''(21) DISCLOSURE TO DENY VISA OR ADMISSION TO CERTAIN EXPATRIATES.—Upon written request of the Attorney General or the Attorney General's delegate, the Secretary shall disclose whether an individual is in

compliance with section 877A (and if not in compliance, any items of noncompliance) to officers and employees of the Federal agency responsible for administering section 212(a)(10)(E) of the Immigration and Nationality Act solely for the purpose of, and to the extent necessary in, administering such section 212(a)(10)(E).''.

(B) SAFEGUARDS.—Section 6103(p)(4) (relating to safeguards) is amended by striking ''or (20)'' each place it appears and inserting ''(20), or (21)''.

(3) EFFECTIVE DATES.—The amendments made by this subsection shall apply to individuals who relinquish United States citizenship on or after the date of the enactment of this Act.

(e) CONFORMING AMENDMENTS.—

(1) Section 877 is amended by adding at the end the following new subsection:

''(h) APPLICATION.—This section shall not apply to an expatriate (as defined in section 877A(e)) whose expatriation date (as so defined) occurs on or after the date of the enactment of the Safe, Accountable, Flexible, and Efficient Transportation Equity Act of 2005.''.

(2) Section 2107 is amended by adding at the end the following new subsection:

''(f) APPLICATION.—This section shall not apply to any expatriate subject to section 877A.''.

(3) Section 2501(a)(3) is amended by adding at the end the following new subparagraph:

''(C) APPLICATION.—This paragraph shall not apply to any expatriate subject to section 877A.''.

(f) CLERICAL AMENDMENT.—The table of sections for subpart A of part II of subchapter N of chapter 1 is amended by inserting after the item relating to section 877 the following new item:

''Sec. 877A. Tax responsibilities of expatriation.''.

(g) EFFECTIVE DATE.—

(1) IN GENERAL.—Except as provided in this subsection, the amendments made by this section shall apply to expatriates (within the meaning of section 877A(e) of the Internal Revenue Code of 1986, as added by this section) whose expatriation date (as so defined) occurs on or after the date of the enactment of this Act.

(2) GIFTS AND BEQUESTS.—Section 102(d) of the Internal Revenue Code of 1986 (as added by subsection (b)) shall apply to gifts and bequests received on or after the date of the enactment of this Act, from an individual or the estate of an individual whose expatriation date (as so defined) occurs after such date.

(3) DUE DATE FOR TENTATIVE TAX.—The due date under section 877A(h)(2) of the Internal Revenue Code of 1986, as added by this section, shall in no event occur before the 90th day after the date of the enactment of this Act.

**SEC. 1723. DISALLOWANCE OF DEDUCTION FOR PUNITIVE DAMAGES.**

(a) DISALLOWANCE OF DEDUCTION.—

(1) IN GENERAL.—Section 162(g) (relating to treble damage payments under the antitrust laws) is amended—

(A) by redesignating paragraphs (1) and (2) as subparagraphs (A) and (B), respectively,

(B) by striking ''If'' and inserting:

''(1) TREBLE DAMAGES.—If'', and

(C) by adding at the end the following new paragraph:

''(2) PUNITIVE DAMAGES.—No deduction shall be allowed under this chapter for any amount paid or incurred for punitive damages in connection with any judgment in, or settlement of, any action. This paragraph shall not apply to punitive damages described in section 104(c).''.

(2) CONFORMING AMENDMENT.—The heading for section 162(g) is amended by inserting ''OR PUNITIVE DAMAGES'' after ''LAWS''.

(b) INCLUSION IN INCOME OF PUNITIVE DAMAGES PAID BY INSURER OR OTHERWISE.—

(1) IN GENERAL.—Part II of subchapter B of chapter 1 (relating to items specifically included in gross income) is amended by adding at the end the following new section:

**''SEC. 91. PUNITIVE DAMAGES COMPENSATED BY INSURANCE OR OTHERWISE.**

''Gross income shall include any amount paid to or on behalf of a taxpayer as insurance or otherwise by reason of the taxpayer's liability (or agreement) to pay punitive damages.''.

(2) REPORTING REQUIREMENTS.—Section 6041 (relating to information at source) is amended by adding at the end the following new subsection:

''(f) SECTION TO APPLY TO PUNITIVE DAMAGES COMPENSATION.—This section shall apply to payments by a person to or on behalf of another person as insurance or otherwise by reason of the other person's liability (or agreement) to pay punitive damages.''.

(3) CONFORMING AMENDMENT.—The table of sections for part II of subchapter B of chapter 1 is amended by adding at the end the following new item:

''Sec. 91. Punitive damages compensated by insurance or otherwise.''.

(c) EFFECTIVE DATE.—The amendments made by this section shall apply to damages paid or incurred on or after the date of the enactment of this Act.

**SEC. 1724. APPLICATION OF EARNINGS STRIPPING RULES TO PARTNERS WHICH ARE C CORPORATIONS.**

(a) IN GENERAL.—Section 163(j) (relating to limitation on deduction for interest on certain indebtedness) is amended by redesignating paragraph (8) as paragraph (9) and by inserting after paragraph (7) the following new paragraph:

''(8) ALLOCATIONS TO CERTAIN CORPORATE PARTNERS.—If a C corporation is a partner in a partnership—

''(A) the corporation's allocable share of indebtedness and interest income of the partnership shall be taken into account in applying this subsection to the corporation, and

''(B) if a deduction is not disallowed under this subsection with respect to any interest expense of the partnership, this subsection shall be applied separately in determining whether a deduction is allowable to the corporation with respect to the corporation's allocable share of such interest expense.''.

(b) EFFECTIVE DATE.—The amendments made by this section shall apply to taxable years beginning on or after the date of the enactment of this Act.

**SEC. 1725. PROHIBITION ON DEFERRAL OF GAIN FROM THE EXERCISE OF STOCK OPTIONS AND RESTRICTED STOCK GAINS THROUGH DEFERRED COMPENSATION ARRANGEMENTS.**

(a) IN GENERAL.—Section 83 (relating to property transferred in connection with performance of services) is amending by adding at the end the following new subsection:

''(i) PROHIBITION ON ADDITIONAL DEFERRAL THROUGH DEFERRED COMPENSATION ARRANGEMENTS.—If a taxpayer exchanges—

''(1) an option to purchase employer securities—

''(A) to which subsection (a) applies, or

''(B) which is described in subsection (e)(3), or

''(2) employer securities or any other property based on employer securities transferred to the taxpayer,

for a right to receive future payments, then, notwithstanding any other provision of this title, there shall be included in gross income for the taxable year of the exchange an amount equal to the present value of such right (or such other amount as the Secretary may by regulations specify). For purposes of this subsection, the term 'employer securities' includes any security issued by the employer.''.

(b) CONTROLLED GROUP RULES.—Section 414(t)(2) is amended by inserting ''83(i),'' after ''79,''.

(c) EFFECTIVE DATE.—The amendments made by this section shall apply to any exchange after the date of the enactment of this Act.

**SEC. 1726. LIMITATION OF EMPLOYER DEDUCTION FOR CERTAIN ENTERTAINMENT EXPENSES.**

(a) IN GENERAL.—Paragraph (2) of section 274(e) (relating to expenses treated as compensation) is amended to read as follows:

''(2) EXPENSES TREATED AS COMPENSATION.—Expenses for goods, services, and facilities, to the extent that the expenses do not exceed the amount of the expenses which are treated by the taxpayer, with respect to the recipient of the entertainment, amusement, or recreation, as compensation to an employee on the taxpayer's return of tax under this chapter and as wages to such employee for purposes of chapter 24 (relating to withholding of income tax at source on wages).''.

(b) PERSONS NOT EMPLOYEES.—Paragraph (9) of section 274(e) is amended by striking ''to the extent that the expenses are includible in the gross income'' and inserting ''to the extent that the expenses do not exceed the amount of the expenses which are includible in the gross income''.

(c) EFFECTIVE DATE.—The amendment made by this section shall apply to expenses incurred after the date of the enactment of this Act.

**SEC. 1727. INCREASE IN PENALTY FOR BAD CHECKS AND MONEY ORDERS.**

(a) IN GENERAL.—Section 6657 (relating to bad checks) is amended—

(1) by striking ''$750'' and inserting ''$1,250'', and

(2) by striking ''$15'' and inserting ''$25''.

(b) EFFECTIVE DATE.—The amendments made by this section apply to checks or money orders received after the date of the enactment of this Act.

**SEC. 1728. ELIMINATION OF DOUBLE DEDUCTION ON MINING EXPLORATION AND DEVELOPMENT COSTS UNDER THE MINIMUM TAX.**

(a) IN GENERAL.—Section 57(a)(1) (relating to depletion) is amended by striking ''for the taxable year)'' and inserting ''for the taxable year and determined without regard to so much of the basis as is attributable to mining exploration and development costs described in section 616 or 617 for which a deduction is allowable for any taxable year under this part).''.

(b) EFFECTIVE DATE.—The amendment made by this section shall apply to taxable years beginning after the date of the enactment this Act.

## PART II—IMPROVEMENTS IN EFFICIENCY AND SAFEGUARDS IN INTERNAL REVENUE SERVICE COLLECTION

**SEC. 1731. WAIVER OF USER FEE FOR INSTALLMENT AGREEMENTS USING AUTOMATED WITHDRAWALS.**

(a) IN GENERAL.—Section 6159 (relating to agreements for payment of tax liability in installments) is amended by redesignating subsection (e) as subsection (f) and by inserting after subsection (d) the following:

''(e) WAIVER OF USER FEES FOR INSTALLMENT AGREEMENTS USING AUTOMATED WITHDRAWALS.—In the case of a taxpayer who enters into an installment agreement in which automated installment payments are agreed to, the Secretary shall waive the fee (if any) for entering into the installment agreement.''.

(b) EFFECTIVE DATE.—The amendments made by this section shall apply to agreements entered into on or after the date which is 180 days after the date of the enactment of this Act.

**SEC. 1732. TERMINATION OF INSTALLMENT AGREEMENTS.**

(a) IN GENERAL.—Section 6159(b)(4) (relating to failure to pay an installment or any other tax liability when due or to provide requested financial information) is amended by striking ''or'' at the end of subparagraph (B), by redesignating subparagraph (C) as subparagraph (E), and by inserting after subparagraph (B) the following:

''(C) to make a Federal tax deposit under section 6302 at the time such deposit is required to be made,

''(D) to file a return of tax imposed under this title by its due date (including extensions), or''.

(b) CONFORMING AMENDMENT.—The heading for section 6159(b)(4) is amended by striking ''FAILURE TO PAY AN INSTALLMENT OR ANY OTHER TAX LIABILITY WHEN DUE OR TO PROVIDE REQUESTED FINANCIAL INFORMATION'' and inserting ''FAILURE TO MAKE PAYMENTS OR DEPOSITS OR FILE RETURNS WHEN DUE OR TO PROVIDE REQUESTED FINANCIAL INFORMATION''.

(c) EFFECTIVE DATE.—The amendments made by this section shall apply to failures occurring on or after the date of the enactment of this Act.

**SEC. 1733. OFFICE OF CHIEF COUNSEL REVIEW OF OFFERS-IN-COMPROMISE.**

(a) IN GENERAL.—Section 7122(b) (relating to record) is amended by striking ''Whenever a compromise'' and all that follows through ''his delegate'' and inserting ''If the Secretary determines that an opinion of the General Counsel for the Department of the Treasury, or the Counsel's delegate, is required with respect to a compromise, there shall be placed on file in the office of the Secretary such opinion''.

(b) CONFORMING AMENDMENTS.—Section 7122(b) is amended by striking the second and third sentences.

(c) EFFECTIVE DATE.—The amendments made by this section shall apply to offers-in-compromise submitted or pending on or after the date of the enactment of this Act.

**SEC. 1734. PARTIAL PAYMENTS REQUIRED WITH SUBMISSION OF OFFERS-IN-COMPROMISE.**

(a) IN GENERAL.—Section 7122 (relating to compromises), as amended by this Act, is amended by redesignating subsections (c), (d), and (e) as subsections (d), (e), and (f), respectively, and by inserting after subsection (b) the following new subsection:

''(c) RULES FOR SUBMISSION OF OFFERS-IN-COMPROMISE.—

''(1) PARTIAL PAYMENT REQUIRED WITH SUBMISSION.—

''(A) LUMP-SUM OFFERS.—

''(i) IN GENERAL.—The submission of any lump-sum offer-in-compromise shall be accompanied by the payment of 20 percent of amount of such offer.

''(ii) LUMP-SUM OFFER-IN-COMPROMISE.—For purposes of this section, the term 'lump-sum offer-in-compromise' means any offer of payments made in 5 or fewer installments.

''(B) PERIODIC PAYMENT OFFERS.—The submission of any periodic payment offer-in-compromise shall be accompanied by the payment of the amount of the first proposed installment and each proposed installment due during the period such offer is being evaluated for acceptance and has not been rejected by the Secretary. Any failure to make a payment required under the preceding sentence shall be deemed a withdrawal of the offer-in-compromise.

''(2) RULES OF APPLICATION.—

''(A) USE OF PAYMENT.—The application of any payment made under this subsection to the assessed tax or other amounts imposed under this title with respect to such tax may be specified by the taxpayer.

''(B) NO USER FEE IMPOSED.—Any user fee which would otherwise be imposed under this section shall not be imposed on any offer-in-compromise accompanied by a payment required under this subsection.''.

(b) ADDITIONAL RULES RELATING TO TREATMENT OF OFFERS.—

(1) UNPROCESSABLE OFFER IF PAYMENT REQUIREMENTS ARE NOT MET.—Paragraph (3) of section 7122(d) (relating to standards for evaluation of offers), as redesignated by subsection (a), is amended by striking ''; and'' at the end of subparagraph (A) and inserting a comma, 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 offer-in-compromise which does not meet the requirements of subsection (c) shall be returned to the taxpayer as unprocessable.''.

(2) DEEMED ACCEPTANCE OF OFFER NOT REJECTED WITHIN CERTAIN PERIOD.—Section 7122, as amended by subsection (a), is amended by adding at the end the following new subsection:

''(g) DEEMED ACCEPTANCE OF OFFER NOT REJECTED WITHIN CERTAIN PERIOD.—Any offer-in-compromise submitted under this section shall be deemed to be accepted by the Secretary if such offer is not rejected by the Secretary before the date which is 24 months after the date of the submission of such offer (12 months for offers-in-compromise submitted after the date which is 5 years after the date of the enactment of this subsection). For purposes of the preceding sentence, any period during which any tax liability which is the subject of such offer-in-compromise is in dispute in any judicial proceeding shall not be taken in to account in determining the expiration of the 24-month period (or 12-month period, if applicable).''.

(c) EFFECTIVE DATE.—The amendments made by this section shall apply to offers-in-compromise submitted on and after the date which is 60 days after the date of the enactment of this Act.

**SEC. 1735. JOINT TASK FORCE ON OFFERS-IN-COMPROMISE.**

(a) IN GENERAL.—The Secretary of the Treasury shall establish a joint task force—

(1) to review the Internal Revenue Service's determinations with respect to offers-in-compromise, including offers which raise equitable, public policy, or economic hardship grounds for compromise of a tax liability under section 7122 of the Internal Revenue Code of 1986,

(2) to review the extent to which the Internal Revenue Service has used its authority to resolve longstanding cases by forgoing penalties and interest which have accumulated as a result of delay in determining the taxpayer's liability,

(3) to provide recommendations as to whether the Internal Revenue Service's evaluation of offers-in-compromise should include—

(A) the taxpayer's compliance history,

(B) errors by the Internal Revenue Service with respect to the underlying tax, and

(C) wrongful acts by a third party which gave rise to the liability, and

(4) to annually report to the Committee on Finance of the Senate and the Committee on Ways and Means of the House of Representatives (beginning in 2006) regarding such review and recommendations.

(b) MEMBERS OF JOINT TASK FORCE.—The membership of the joint task force under subsection (a) shall consist of 1 representative each from the Department of the Treasury, the Internal Revenue Service Oversight Board, the Office of the Chief Counsel for the Internal Revenue Service, the Office of the Taxpayer Advocate, the Office of Appeals, and the division of the Internal Revenue Service charged with operating the offer-in-compromise program.

(c) REPORT OF NATIONAL TAXPAYER ADVOCATE.—

(1) IN GENERAL.—Clause (ii) of section 7803(c)(2)(B) (relating to annual reports) is amended by striking ''and'' at the end of subclause (X), by redesignating subclause (XI) as subclause (XII), and by inserting after subclause (X) the following new subclause:

''(XI) include a list of the factors taxpayers have raised to support their claims for offers-in-compromise relief, the number of such offers submitted, accepted, and rejected, the number of such offers appealed, the period during which review of such offers have remained pending, and the efforts the Internal Revenue Service has made to correctly identify such offers, including the training of employees in identifying and evaluating such offers.''.

(2) EFFECTIVE DATE.—The amendment made by paragraph (1) shall apply to reports in calendar year 2006 and thereafter.

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**SA 933.** Mr. GRASSLEY (for himself and Mr. BAUCUS) submitted an amendment intended to be proposed by him to the bill H.R. 6, to ensure jobs for our future with secure, affordable, and reliable energy; which was ordered to lie on the table; as follows:

On page 1, strike lines 4 and 5 and insert the following:

**SEC. 1500. SHORT TITLE; AMENDMENT OF 1986 CODE.**

Beginning on page 2, strike line 5 and all that follows through page 3, line 2, and insert the following:

**Subtitle A—Electricity Infrastructure**

On page 7, lines 6 and 7, strike ''low-head hydroelectric facility or''.

On page 8, lines 10 and 11, strike ''LOW-HEAD HYDROELECTRIC FACILITY OR NONHYDROELECTRIC DAM'' and insert ''NONHYDROELECTRIC DAM''.

On page 8, strike lines 18 through 20 and insert the following:

''(ii) the facility was placed in service before the date of the enactment of this paragraph and did not produce hydroelectric power on the date of the enactment of this paragraph, and

Beginning on page 8, line 24, strike ''the installation'' and all that follows through page 9, line 1 and insert ''there is not any enlargement of the diversion structure, or construction or enlargement of a bypass channel,''.

On page 9, strike lines 5 through 9.

On page 26, strike lines 14 and 15 and insert the following:

(2) Section 1397E(c)(2) is amended by inserting '', and subpart H thereof'' after ''refundable credits''.

On page 68, lines 8 and 9, strike ''the date of the enactment of this Act'' and insert ''December 31, 2004''.

On page 73, line 1, strike ''**PATRONS**'' and insert ''**OWNERS**''.

On page 90, strike lines 4 through 7.

On page 90, line 21, strike ''and, in the case'' and all that follows through line 23.

On page 107, line 17, insert ''a home inspector certified by the Secretary of Energy as trained to perform an energy inspection for purposes of this section,'' after ''(IPIA),''.

On page 110, line 22, strike ''(2)'' and insert ''(3)''.

On page 143, strike lines 1 through 6, and insert the following:

''(1) MAXIMUM CREDIT.—The credit allowed under subsection (a) for any taxable year shall not exceed—

''(A) $2,000 with respect to any qualified solar water heating expenditures,

''(B) $2,000 with respect to any qualified photovoltaic property expenditures, and

''(C) $500 with respect to each kilowatt of capacity of qualified fuel cell property (as defined in section 48(d)(1)) for which qualified fuel cell property expenditures are made,

On page 149, between lines 6 and 7, insert the following:

(1) Section 23(c) is amended by striking ''this section and section 1400C'' and inserting ''this section, section 25D, and section 1400C''.

(2) Section 25(e)(1)(C) is amended by striking ''this section and sections 23 and 1400C'' and inserting ''other than this section, section 23, section 25D, and section 1400C''.

(3) Section 1400C(d) is amended by striking ''this section'' and inserting ''this section and section 25D''.

On page 149, line 7, strike ''(1)'' and insert ''(4)''.

On page 149, line 15, strike ''(2)'' and insert ''(5)''.

On page 149, lined 19 and 20, strike ''Except as provided by paragraph (2), the'' and insert ''The''.

On page 155, lines 2 and 3, strike ''for use in a structure''.

On page 155, line 12, insert ''periods'' before ''before''.

On page 210, between lines 19 and 20, insert the following:

(b) WRITTEN NOTICE OF ELECTION TO ALLOCATE CREDIT TO PATRONS.—Section 40(g)(6)(A)(ii) (relating to form and effect of election) is amended by adding at the end the following new sentence: ''Such election shall not take effect unless the organization designates the apportionment as such in a written notice mailed to its patrons during the payment period described in section 1382(d).''.

On page 210, line 20, strike ''(b)'' and insert ''(c)''.

Beginning on page 228, line 19, strike all through page 229, line 2, and insert the following:

''(B) within 2 years after the date of such first retail sale, such article is resold by the purchaser or such purchaser makes a substantial nonexempt use of such article,

then such sale or use of such article by such purchaser shall be treated as the first retail sale of such article for a price equal to its fair market value at the time of such sale or use.

On page 232, line 21, strike ''and''.

On page 232, between lines 21 and 22, insert the following:

(i) by adding at the end the following new sentence: ''For purposes of this subsection, any removal described in section 4081(a)(3)(A) shall be treated as a removal from a terminal but only if such terminal is located within a secured area of an airport.''.

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**SA 934.** Mr. GREGG submitted an amendment intended to be proposed by him to the bill H.R. 6, to ensure jobs for our future with secure, affordable, and reliable energy; which was ordered to lie on the table; as follows:

Beginning on page 28, strike line 16 and all that follows through page 29, line 2, and insert the following:

**SEC. 105. ENERGY SAVINGS PERFORMANCE CONTRACTS.**

(a) EXTENSION.—Section 801(c) of the National Energy Conservation Policy Act (42 U.S.C. 8287(c)) is amended by striking ''2006'' and inserting ''2010''.

(b) PAYMENT OF COSTS.—The National Energy Conservation Policy Act is amended by striking section 802 (42 U.S.C. 8287a) and inserting the following:

**''SEC. 802. PAYMENT OF COSTS.**

''(a) IN GENERAL.—Notwithstanding any other provision of law, on October 1, 2006, and on each October 1 thereafter through October 1, 2009, out of any funds in the Treasury not otherwise appropriated, the Secretary of the Treasury shall transfer to the Secretary $240,000,000, to remain available until expended.

''(b) USE OF FUNDS.—

''(1) IN GENERAL.—The Secretary shall make available amounts described in subsection (a) to Federal agencies entering into contracts under this title to pay for the costs of the contracts.

''(2) OBLIGATION.—The full cost of a contract described in paragraph (1) shall be recorded as an obligation of the Federal Government on the date on which the contract is entered into.

''(3) LIMITATION.—A Federal agency may not enter into a contract under this title in a case in which all amounts made available under subsection (a) have already been fully obligated.

''(4) NO THIRD-PARTY FINANCING.—A contract under this title shall—

''(A) include no option for third-party financing; and

''(B) use only amounts made available under subsection (a) to cover all costs of the contract.

''(5) FEDERAL AGENCIES.—Any amount paid by a Federal agency under any contract entered into under this title may be paid only from funds made available under subsection (a).''.

''(c) CONFORMING CHANGE.—The National Energy Conservation Policy Act is amended by striking section 801(a)(2)(D)(ii).

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**SA 935.** Mr. BINGAMAN submitted an amendment intended to be proposed by him to the bill H.R. 6, to ensure jobs for our future with secure, affordable, and reliable energy; which was ordered to lie on the table; as follows:

On page 437, after line 22, add the following:

**SEC. ___. ANALYSIS OF IMPACTS OF USE OF SPECIAL FUEL FORMULATIONS.**

(a) IN GENERAL.—The Administrator of the Environmental Protection Agency, in cooperation with the Secretary, heads of other Federal agencies, and States, shall carry out a study—

(1) to develop a plan to balance the environmental benefits of using special gasoline blends or formulations with the impacts that the use of those blends or formulations has on the supply, demand, and pricing of gasoline and other fuels; and

(2) to identify any statutory or other changes that would be required to achieve that balance.

(b) REPORT.—As soon as practicable after the date of completion of the study under subsection (a), the Administrator of the Environmental Protection Agency shall submit to Congress a report describing the results of the study.

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**SA 936.** Mr. BINGAMAN submitted an amendment intended to be proposed by him to the bill H.R. 6, to ensure jobs for our future with secure, affordable, and reliable energy; which was ordered to lie on the table; as follows:

On page 437, after line 22, add the following:

**SEC. ___. IMPACTS OF USE OF SPECIAL FUEL FORMULATIONS.**

In determining whether to approve an application by a State for the use of a new gasoline blend or other fuel formulation under the Clean Air Act (42 U.S.C. 7401 et seq.), the Administrator of the Environmental Protection Agency shall take into consideration impacts that the use of the blend or formulation would have on the supply, demand, and pricing of gasoline and other fuels.

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**SA 937.** Mr. BINGAMAN submitted an amendment intended to be proposed by him to the bill H.R. 6, to ensure jobs for our future with secure, affordable, and reliable energy; which was ordered to lie on the table; as follows:

At the appropriate place, insert the following:

**SEC. ___. 5-YEAR RECOVERY PERIOD FOR QUALIFIED SOLAR INDUSTRIAL FACILITIES.**

(a) IN GENERAL.—Section 168(e)(3)(B) of the Internal Revenue Code of 1986 (relating to 5-year property), as amended by this Act, is amended by striking ''and'' at the end of clause (vi), by striking the period at the end of clause (vii) and inserting '', and'', and by adding at the end the following new clause:

''(viii) any qualified solar industrial facility.''

(b) QUALIFIED SOLAR INDUSTRIAL FACILITY.—Section 168(i) of the Internal Revenue Code of 1986, as amended by this Act, is amended by adding at the end the following new paragraph:

''(18) QUALIFIED SOLAR INDUSTRIAL FACILITY.—

''(A) IN GENERAL.—The term 'qualified solar industrial facility' means a facility which is placed in service on or after January 1, 2005, and which uses, as part of an industrial process, solar process energy, but does not include any facility described in section 45(d)(4).

''(B) QUALIFIED EVAPORATION AND EQUIPMENT.—The term 'solar process energy' includes solar energy utilized for qualified evaporation.

''(C) QUALIFIED EVAPORATION.—The term 'qualified evaporation' means the evaporation or transpiration of liquids from a solution as part of a process to concentrate such solution in order to extract products from such solution. Such term includes utilizing evaporation ponds to concentrate solutions as part of a mining process, but does not include evaporation used solely to dispose water or other liquids.

''(D) FACILITY.—The term 'facility' includes an evaporation pond and all equipment and pipelines used to harvest minerals from the pond and transport such minerals to the point of processing.''.

(c) EFFECTIVE DATE.—The amendments made by this section shall apply to property placed in service in taxable years beginning after the date of the enactment of this Act.

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**SA 938.** Mr. CORNYN submitted an amendment intended to be proposed by him to the bill H.R. 6, to ensure jobs for our future with secure, affordable, and reliable energy; which was ordered to lie on the table; as follows:

On page 272, between lines 7 and 8, insert the following:

**SEC. 328. KNOWN POTASH LEASING AREA, NEW MEXICO.**

(a) APPROVAL OF APPLICATION.—

(1) IN GENERAL.—Notwithstanding any other provision of law, subject to paragraph (2), the Secretary shall approve an application for a drilling permit in the Known Potash Leasing Area near Carlsbad, New Mexico, as soon as practicable after the date on which the applicant satisfies the general requirements for the application under the Mineral Leasing Act (30 U.S.C. 181 et seq.).

(2) EXCEPTION.—The Secretary shall not approve an application described in paragraph (1) if the Secretary affirmatively determines, based on credible scientific and technical information relating to the particular geology of the drilling site involved in the permit application—

(A) that approval of the application would create specific, unreasonable, and immitigable safety risks to potash mining in the immediate vicinity of the oil and gas drilling that is the subject of the application; or

(B)(i) that approval of the application would permanently waste commercially significant volumes of economically-recoverable potash located in the immediate vicinity of the subject application; and

(ii) that the dollar value of the permanent waste exceeds the estimated net present value of the recoverable oil and gas from the requested drilling site.

(b) SITE SPECIFIC INFORMATION.—In any determination to deny an application described in subsection (a)(1) based on reasons described in subsection (a)(2), the Secretary shall specify in writing the site-specific scientific and technical geological information on which the denial is based.

(c) PRESUMPTION.—In any case in which an application for a drilling permit relates to a portion of the Known Potash Leasing Area that is barren of potash, or in which potash is not currently being mined, the Secretary shall review the application with the presumption that approval of the application will not create potential adverse impact on potash mining safety or waste of economically-recoverable potash reserves.

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**SA 939.** Mr. SANTORUM submitted an amendment intended to be proposed by him to the bill H.R. 6, to ensure jobs for our future with secure, affordable, and reliable energy; which was ordered to lie on the table; as follows:

At the appropriate place, insert the following:

**SEC. ___. CAPITAL IMPROVEMENTS TO EXISTING CLEAN COKE/COGENERATION MANUFACTURING FACILITIES.**

(a) IN GENERAL.—Paragraph (2) of section 48C(b)(2) of the Internal Revenue Code of 1986 (as added by this Act) is amended by adding at the end the following flush sentence:

''Such term shall include any capital improvement to any property which is described in the preceding sentence.''.

(b) EFFECTIVE DATE.—The amendment made by subsection (a) shall take effect as if included in the amendments made by section 1511.

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**SA 940.** Mr. INHOFE submitted an amendment intended to be proposed by him to the bill H.R. 6, to ensure jobs for our future with secure, affordable, and reliable energy; which was ordered to lie on the table; as follows:

Section 211(K)(1)(B) of the Clean Air Act as added by this Act is amended by striking clause (vi) and inserting the following:

(vi) ''If the Administrator promulgates, by June 1, 2007, final regulations to control hazardous air pollutants from motor vehicles and motor vehicle fuels that achieve greater overall reductions in air toxics from reformulated gasoline than the reductions that would be achieved under subsection (K)(1)(B), then subsections 211(k)(1)(B)(i) through 211(k)(1)(v) shall be null and void and regulations promulgated thereunder shall be rescinded and have no further effect.''

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**SA 941.** Mrs. BOXER submitted an amendment intended to be proposed by her to the bill H.R. 6, to ensure jobs for our future with secure, affordable, and reliable energy; which was ordered to lie on the table; as follows:

At the appropriate place, insert the following:

**SEC. ___. MORATORIUM ON OFFSHORE DRILLING NEAR NATIONAL MARINE SANCTUARIES.**

Notwithstanding any other provision of this Act or any other law, no offshore drilling shall be permitted in Federal water located within 20 miles of a national marine sanctuary.

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**SA 942.** Mrs. BOXER submitted an amendment intended to be proposed by her to the bill H.R. 6, to ensure jobs for our future with secure, affordable, and reliable energy; which was ordered to lie on the table; as follows:

At the appropriate place, insert the following:

**SEC. ___. LIABILITY FOR DAMAGE TO COASTAL NATURAL RESOURCES AND ECOSYSTEMS.**

Notwithstanding any other provision of this Act or any other law, a State that permits offshore drilling in Federal water off the coast of the State shall be liable for any damage caused by that drilling, including damage to coastal and marine natural resources and ecosystems, to a State that does not permit offshore drilling in Federal water off the coast of the State.

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**SA 943.** Mrs. BOXER submitted an amendment intended to be proposed by her to the bill H.R. 6, to ensure jobs for our future with secure, affordable, and reliable energy; which was ordered to lie on the table; as follows:

On page 264, line 6, before the period, insert the following: ''(other than Federal waters that are adjacent to the waters of a State that has a moratorium on oil or gas leasing)''.

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**SA 944.** Mrs. BOXER submitted an amendment intended to be proposed by her to the bill H.R. 6, to ensure jobs for our future with secure, affordable, and reliable energy; which was ordered to lie on the table; as follows:

On page 264, line 6, before the period, insert the following: ''(other than waters that are within 20 miles of any area located on the outer Continental Shelf that is designated as a marine sanctuary under the Marine Protection, Research, and Sanctuaries Act of 1972 (33 U.S.C. 1401 et seq.))''.

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**SA 945.** Mrs. BOXER submitted an amendment intended to be proposed by her to the bill H.R. 6, to ensure jobs for our future with secure, affordable, and reliable energy; which was ordered to lie on the table; as follows:

At the appropriate place, insert the following:

**SEC. ___. PROHIBITION ON OFFSHORE DRILLING.**

Notwithstanding any other provision of this Act or any other law, no offshore drilling shall be permitted in Federal water that is adjacent to State water of any State that has in effect a moratorium on offshore drilling.

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**SA 946.** Mr. HATCH submitted an amendment intended to be proposed by him to the bill H.R. 6, to ensure jobs for our future with secure, affordable, and reliable energy; which was ordered to lie on the table; as follows:

On page 407, between lines 11 and 12, insert the following:

**SEC. 625. SPENT NUCLEAR FUEL MORATORIUM.**

(a) DEFINITIONS.—In this section:

(1) NON-FEDERALLY-OWNED, OFFSITE FACILITY.—The term ''non-Federally-owned, offsite facility'' means a facility for the storage of nuclear waste that is not on the premises of a private nuclear power plant.

(2) SPENT NUCLEAR FUEL.—The term ''spent nuclear fuel'' means a uranium-bearing fuel element that—

(A) has been used at a nuclear reactor; and

(B) no longer produces enough energy to sustain a nuclear reaction.

(b) MORATORIUM.—

(1) IN GENERAL.—Notwithstanding any other provision of law (including regulations, guidelines, and advisories), no spent nuclear fuel or related high level material shall be deposited into, or transported to, a non-Federally-owned, offsite facility.

(2) USE OF FEDERAL FUNDS.—No Federal funds shall be used to study, report, or investigate a deposit or transportation described in paragraph (1).

(c) STUDIES.—

(1) PROMOTION OF SITES.—

(A) IN GENERAL.—As soon as practicable after the date of enactment of this Act, the Secretary shall conduct a study of the feasibility of transporting, maintaining, and storing commercial spent nuclear fuel and related material at facilities of the Department.

(B) INCLUSIONS.—The study under subparagraph (A) shall include an analysis of whether the Federal Government should take ownership of, and liability for storing and maintaining, commercial spent nuclear fuel and related material at—

(i) the facilities described in subparagraph (A); or

(ii) privately-owned nuclear power facilities.

(2) FEASIBILITY OF REPROCESSING.—

(A) IN GENERAL.—As soon as practicable after the date of enactment of this Act, the Secretary shall request that the National Academy of Sciences conduct a study of techniques and technologies available as of the date on which the study is conducted for reprocessing and recycling spent nuclear fuel.

(B) RECYCLING PROGRAM.—

(i) IN GENERAL.—The study under subparagraph (A) shall include an analysis of how the Department can carry out a program under which the Department shall recycle commercial spent nuclear fuel in the United States.

(ii) INCLUSIONS.—The program described in clause (i) shall include—

(I) an integrated spent fuel recycling plan, including the selection of an advanced reprocessing technology to be used to carry out the recycling; and

(II) a competitive process under which the Secretary shall select 1 or more sites at which to develop integrated spent fuel recycling facilities (including facilities for reprocessing, preparation of mixed oxide fuel, vitrification of high-level waste products, and temporary process storage).

(3) FEDERALLY-OWNED FACILITIES.—As soon as practicable after the date of enactment of this Act, the Secretary shall conduct a study of the feasibility of transporting, maintaining, and storing commercial spent nuclear fuel and related material at federally-owned facilities, including facilities controlled by the Department and Department of Defense.

(d) REPORT.—Not later than 180 days after the date of enactment of this Act, the Secretary shall submit to the Committee on Appropriations and the Committee on Energy and Natural Resources of the Senate and the

Committee on Appropriations and the Committee on Energy and Commerce of the House of Representatives a report describing the findings of the Secretary under each study described in subsection (c).

**SA 947.** Mr. HATCH submitted an amendment intended to be proposed by him to the bill H.R. 6, to ensure jobs for our future with secure, affordable, and reliable energy; which was ordered to lie on the table; as follows:

Beginning on page 290, strike line 6 and all that follows through page 296, line 25, and insert the following:

**SEC. 346. OIL SHALE AND TAR SANDS.**

(a) DECLARATION OF POLICY.—Congress declares that it is the policy of the United States that—

(1) United States oil shale and tar sands are strategically important domestic resources that should be developed through methods that help reduce the growing dependence of the United States on politically and economically unstable sources of foreign oil imports;

(2) the development of oil shale and tar sands, for research and commercial development, should be conducted in an economically feasible and environmentally sound manner, using practices that minimize impacts; and

(3) development should occur, with an emphasis on sustainability, to benefit the United States while taking into account affected States and communities.

(b) LEASING PROGRAM FOR RESEARCH AND DEVELOPMENT.—

(1) IN GENERAL.—In accordance with section 21 of the Mineral Leasing Act (30 U.S.C. 241) and any other applicable law, except as provided in this section, not later than 1 year after the date of enactment of this Act, from land otherwise available for leasing, the Secretary of the Interior (referred to in this section as the ''Secretary'') shall, for a period determined by the Secretary, make available for leasing such land as the Secretary considers to be necessary to conduct research and development activities with respect to technologies for the recovery of shale oil from oil shale resources on public land.

(2) ADMINISTRATION.—In carrying out this subsection, the Secretary shall provide for—

(A) research and development of oil shale in accordance with the laws applicable to public land;

(B) an adequate bond, surety, or other financial arrangement to ensure reclamation;

(C) appropriate value-for-value oil shale land exchanges that can provide early access to qualified oil shale developers, except that the exchanges shall be favorable to and in the overall best interests of the United States;

(D) consultation with affected State and local governments; and

(E) such requirements as the Secretary determines to be in the public interest.

(c) PROGRAMMATIC ENVIRONMENTAL IMPACT STATEMENT.—Not later than 18 months after the date of enactment of this Act, in accordance with section 102(2)(C) of the National Environmental Policy Act of 1969 (42 U.S.C. 4332(2)(C)), the Secretary shall complete a programmatic environmental impact statement that analyzes potential leasing for commercial development of oil shale resources on public land.

(d) LEASING PROGRAM.—Not later than 1 year after completion of the 5-year plan required under subsection (e), the Secretary shall establish procedures for conducting a leasing program for the commercial development of oil shale on public land.

(e) OIL SHALE AND TAR SANDS TASK FORCE.—

(1) ESTABLISHMENT.—The Secretary of Energy, in cooperation with the Secretary of the Interior, shall establish an Oil Shale and Tar Sands Task Force to develop a program to coordinate and accelerate the commercial development of oil shale and tar sands in an integrated manner.

(2) COMPOSITION.—The Task Force shall be composed of—

(A) the Secretary of Energy (or the designee of the Secretary of Energy);

(B) the Secretary of the Interior (or the designee of the Secretary of the Interior);

(C) the Secretary of Defense (or the designee of the Secretary of Defense);

(D) the Governors of the affected States; and

(E) representatives of local governments in affected areas.

(3) DEVELOPMENT OF A 5-YEAR PLAN.—

(A) IN GENERAL.—The Task Force shall formulate a 5-year plan to promote the development of oil shale and tar sands.

(B) COMPONENTS.—In formulating the plan, the Task Force shall—

(i) identify public actions that are required to stimulate prudent development of oil shale and tar sands;

(ii) analyze the costs and benefits of those actions;

(iii) make recommendations concerning specific actions that should be taken to stimulate prudent development of oil shale and tar sands, including economic, investment, tax, technology, research and development, infrastructure, environmental, education, and socio-economic actions;

(iv) make recommendations concerning infrastructure (such as roads, utilities, and pipelines) required to support oil shale development in industry and communities;

(v) consult with representatives of industry and other stakeholders;

(vi) provide notice and opportunity for public comment on the plan;

(vii) identify oil shale and tar sands technologies that—

(I) are ready for pilot plant and semiworks development; and

(II) have a high probability of leading to advanced technology for first- or second-generation commercial production; and

(viii) assess the availability of water from the Green River Formation to meet the potential needs of oil shale and tar sands development.

(4) NATIONAL PROGRAM OFFICE.—The Task Force shall analyze and make recommendations regarding the need for a national program office.

(5) PARTNERSHIP.—The Task Force shall make recommendations with respect to initiating a partnership with Alberta, Canada, for purposes of sharing information relating to the development and production of oil from tar sands.

(6) REPORTS.—

(A) INITIAL REPORT.—Not later than 180 days after the date of enactment of this Act, the Task Force shall submit to the President and Congress a report that describes the analysis and recommendations of the Task Force and contains the 5-year plan.

(B) SUBSEQUENT REPORTS.—The Secretary of Energy shall provide an annual report describing the progress in carrying out the plan for each of the 5 years following submission of the report provided for in subparagraph (A).

(f) MINERAL LEASING ACT AMENDMENTS.—Section 21(a) of the Mineral Leasing Act (30 U.S.C. 241(a)) is amended—

(1) by designating the first, second, and third sentences as paragraphs (1), (2), and (3), respectively; and

(2) in paragraph (3) (as designated by paragraph (1))—

(A) by striking ''rate of 50 cents per acre'' and inserting ''rate of $2.00 per acre''; and

(B) in the last proviso—

(i) by striking ''That not more than one lease shall be granted under this section to any'' and inserting ''That no''; and

(ii) by striking ''except that with respect to leases for'' and inserting ''shall acquire or hold more than 50,000 acres of oil shale leases in any 1 State. For''.

(g) COST-SHARED DEMONSTRATION TECHNOLOGIES.—

(1) IDENTIFICATION.—The Secretary of Energy shall identify technologies for the development of oil shale and tar sands that—

(A) are ready for demonstration at a commercially-representative scale; and

(B) have a high probability of leading to commercial production.

(2) ASSISTANCE.—For each technology identified under paragraph (1), the Secretary of Energy may provide—

(A) technical assistance;

(B) assistance in meeting environmental and regulatory requirements; and

(C) cost-sharing assistance in accordance with section 1002.

(h) TECHNICAL ASSISTANCE.—

(1) IN GENERAL.—The Secretary of Energy may provide technical assistance for the purpose of overcoming technical challenges to the development of oil shale and tar sands technologies for application in the United States.

(2) ADMINISTRATION.—The Secretary of Energy may provide technical assistance under this section on a cost-shared basis in accordance with section 1002.

(i) NATIONAL OIL SHALE ASSESSMENT.—

(1) ASSESSMENT.—

(A) IN GENERAL.—The Secretary shall carry out a national assessment of oil shale resources for the purposes of evaluating and mapping oil shale deposits, in the geographic areas described in subparagraph (B).

(B) GEOGRAPHIC AREAS.—The geographic areas referred to in subparagraph (A), listed in the order in which the Secretary shall assign priority, are—

(i) the Green River Region of the States of Colorado, Utah, and Wyoming;

(ii) the Devonian oil shales of the eastern United States; and

(iii) any remaining area in the central and western United States (including the State of Alaska) that contains oil shale, as determined by the Secretary.

(2) USE OF STATE SURVEYS AND UNIVERSITIES.—In carrying out the assessment under paragraph (1), the Secretary may request assistance from any State-administered geological survey or university.

(j) PROCUREMENT OF UNCONVENTIONAL FUEL BY THE DEPARTMENT OF DEFENSE.—

(1) IN GENERAL.—Chapter 141 of title 10, United States Code, is amended by inserting after section 2398 the following:

**''§ 2398a. Procurement of fuel derived from coal, oil shale, and tar sands**

''(a) USE OF FUEL TO MEET DEPARTMENT OF DEFENSE NEEDS.—The Secretary of Defense shall develop a strategy to use fuel produced from coal, oil shale, and tar sands (referred to in this section as a 'covered fuel') that are extracted by either mining or in-situ methods and refined in the United States in order to assist in meeting the fuel requirements of the Department of Defense.

''(b) AUTHORITY TO PROCURE.—The Secretary of Defense may enter into 1 or more contracts or other agreements (that meet the requirements of this section) to procure a covered fuel to meet 1 or more fuel requirements of the Department of Defense.

''(c) CLEAN FUEL REQUIREMENTS.—A covered fuel may be procured under subsection (b) only if the covered fuel meets such standards for clean fuel produced from domestic

sources as the Secretary of Defense shall establish for purposes of this section in consultation with the Office of Strategic Fuel Analysis of the Department of Energy.

''(d) MULTIYEAR CONTRACT AUTHORITY.—Subject to applicable provisions of appropriations Acts, any contract or other agreement for the procurement of covered fuel under subsection (b) may be for 1 or more years at the election of the Secretary of Defense.

''(e) PRICE LIMITATIONS.—(1) Each contract or other agreement for the procurement of covered fuel under subsection (b) shall set forth the maximum price and minimum price to be paid for a unit of covered fuel under the contract or agreement, which prices shall be established by the Secretary of Defense at the time of entry into the contract or agreement.

''(2) In establishing under paragraph (1) the maximum price and minimum price to be paid for covered fuel under a contract or agreement under subsection (b), the Secretary shall take into account applicable information on world oil markets from the Department of Energy, including—

''(A) global prices for crude oil;

''(B) costs of production of the covered fuel from both conventional and unconventional sources; and

''(C) returns on investment in the production of the covered fuel.

''(f) FUEL SOURCE ANALYSIS.—In order to facilitate the procurement by the Department of Defense of covered fuel under subsection (b), the Secretary of Defense may carry out a comprehensive assessment of current and potential locations in the United States for the supply of covered fuel to the Department.''.

(2) CLERICAL AMENDMENT.—The table of sections for chapter 141 of title 10, United States Code, is amended by inserting after the item relating to section 2398 the following:

''2398a. Procurement of fuel derived from coal, oil shale, and tar sands.''.

(k) STATE WATER RIGHTS.—Nothing in this section preempts or affects any State water law or interstate compact relating to water.

(l) AUTHORIZATION OF APPROPRIATIONS.—There are authorized to be appropriated such sums as are necessary to carry out this section.

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**SA 948.** Mr. LIEBERMAN (for himself, Mr. BAYH, and Mr. SALAZAR) submitted an amendment intended to be proposed by him to the bill H.R. 6, to ensure jobs for our future with secure, affordable, and reliable energy; which was ordered to lie on the table; as follows:

Beginning on page 120, strike line 21 and all that follows through page 122, line 14, and insert the following:

**Subtitle D—Oil Security**

**SEC. 151. SHORT TITLE; FINDINGS AND PURPOSES.**

(a) SHORT TITLE.—This subtitle may be cited as the ''Oil Security Act''.

(b) FINDINGS.—Congress finds that—

(1) the United States is dangerously dependent on oil;

(2) that dependence threatens the national security, weakens the economy, and harms the environment of the United States;

(3) the United States currently imports nearly 60 percent of oil needed in the United States, and that ratio is expected to grow to almost 70 percent by 2025 if no actions are taken;

(4) approximately 2,500,000 barrels of oil per day are imported from countries in the Persian Gulf region;

(5) that dependence on foreign oil undermines the war on terror by financing both sides of the war;

(6) in 2004 alone, the United States sent $103,000,000,000 to undemocratic countries, some of which use revenues to support terrorism and spread ideology hostile to the United States, as documented by the Council on Foreign Relations;

(7) terrorists have identified oil as a strategic vulnerability and have ramped up attacks against oil infrastructure worldwide;

(8) oil imports comprise more than 25 percent of the dangerously high United States trade deficit;

(9) it is feasible to achieve oil savings of more than 2,500,000 barrels per day by 2015 and 10,000,000 barrels per day by 2025;

(10) those goals can be achieved by establishing a set of flexible policies, including—

(A) increasing the gasoline-efficiency of cars, trucks, tires, and oil;

(B) providing economic incentives for companies and consumers to purchase fuel-efficient cars;

(C) encouraging the use of transit and the reduction of truck idling; and

(D) increasing production and commercialization of alternative liquid fuels;

(11) technology available as of the date of enactment of this Act (including popular hybrid-electric vehicle models, the sales of which in the United States increased 136 percent in the first 4 months of 2005 as compared with the same period in 2004) make an oil savings plan eminently achievable; and

(12) it is urgent, essential, and feasible to implement an action plan to achieve oil savings as soon as practicable because any delay in initiating action will—

(A) make achieving necessary oil savings more difficult and expensive; and

(B) increase the risks to the national security, economy, and environment of the United States.

(c) PURPOSES.—The purposes of this subtitle are—

(1) to help instill consumer confidence and acceptable of alternative motor vehicles by lowering the 3 major barriers to confidence and acceptance;

(2) to enable the accelerated introduction into the marketplace of new motor vehicle technologies without adverse emission impact, while retaining a policy of fuel neutrality in order to foster private innovation and commercialization and allow market forces to decide the technologies and fuels that are consumer-friendly, safe, environmentally-sound, and economic;

(3) to provide, for a limited time period, financial incentives to encourage consumers nationwide to purchase or lease new fuel cell, hybrid, battery electric, and alternative fuel motor vehicles;

(4) to increase demand of vehicles described in paragraph (3) so as to make the annual production by manufacturers and retail sale of the vehicles economically and commercially viable for the consumer;

(5) to promote and expand the use of vehicles described in paragraph (3) throughout the United States; and

(6) to promote a nationwide diversity of motor vehicle fuels for advanced and hybrid technology and alternatively fueled motor vehicles.

**SEC. 152. MANUFACTURING INCENTIVES FOR ALTERNATIVE FUEL VEHICLES.**

(a) ADVANCED TECHNOLOGY MOTOR VEHICLES PROGRAM.—

(1) DEFINITIONS.—In this subsection:

(A) ADVANCED LEAN BURN TECHNOLOGY MOTOR VEHICLE.—The term ''advanced lean burn technology motor vehicle'' means a motor vehicle with an internal combustion engine that—

(i) is designed to operate primarily using more air than is necessary for complete combustion of the fuel;

(ii) incorporates direct injection;

(iii) achieves at least 125 percent of the 2002 model year city fuel economy; and

(iv) that, for 2004 and later model vehicles, has received a certificate that the vehicle meets or exceeds—

(I) in the case of any vehicle having a gross vehicle weight rating of not more than 6,000 pounds, the Bin 5 Tier II emission standard established in regulations prescribed by the Administrator of the Environmental Protection Agency under section 202(i) of the Clean Air Act (42 U.S.C. 7521(i)) for that make and model year vehicle; and

(II) in the case of any vehicle having a gross vehicle weight rating of more than 6,000 pounds but not more than 8,500 pounds, the Bin 8 Tier II emission standard as established in accordance with the regulations described in subclause (I).

(B) ADVANCED TECHNOLOGY MOTOR VEHICLE.—The term ''advanced technology motor vehicle'' means any advanced lean burn technology motor vehicle or any new qualified hybrid motor vehicle as defined in section 30B(c)(3) of the Internal Revenue Code of 1986 (other than a heavy duty hybrid motor vehicle) that is in compliance with any Environmental Protection Agency emission standard for fine particulate matter for the applicable make and model year of the vehicle, eligible for a credit amount under section 30B(c)(2)(B) of the Internal Revenue Code of 1986.

(C) BASE YEAR.—The term ''base year'' means model year 2002.

(D) ELIGIBLE COMPONENT.—The term ''eligible component'' means any component specially designed for any advanced technology motor vehicle and installed for the purpose of meeting the performance requirements for an advanced technology motor vehicle, including—

(i) with respect to any gasoline-electric new qualified hybrid motor vehicle—

(I) an electric motor or generator;

(II) a power split device;

(III) a power control unit;

(IV) power controls;

(V) an integrated starter generator; or

(VI) a battery;

(i) with respect to any advanced lean burn technology motor vehicle—

(I) a diesel engine;

(II) a turbocharger;

(III) a fuel injection system; or

(IV) an after-treatment system, such as a particle filter or NOx absorber; and

(iii) any other component submitted for approval by the Secretary.

(E) ELIGIBLE ENTITY.—The term ''eligible entity'' means a manufacturer, 25 percent or more of the gross receipts of which are derived from the manufacture of motor vehicles or any component parts of motor vehicles.

(F) ENGINEERING INTEGRATION COSTS.—The term ''engineering integration costs'' means costs incurred prior to the market introduction of advanced technology vehicles for engineering tasks relating to—

(i) incorporating eligible components into the design of advanced technology vehicles; and

(ii) designing new tooling and equipment for production facilities which produce eligible components or advanced technology vehicles.

(G) PROGRAM.—The term ''program'' means the program established under paragraph (2).

(H) QUALIFIED INVESTMENT.—

(i) IN GENERAL.—The term ''qualified investment'' means—

(I) the incremental costs incurred to re-equip or expand a manufacturing facility of

the eligible taxpayer to produce advanced technology motor vehicles or to produce eligible components; and

(II) any engineering integration costs associated with the advanced technology motor vehicles or eligible components.

(2) ESTABLISHMENT.—The Secretary shall establish a program to provide grants, loans, and loan guarantees to eligible entities for qualified investments.

(3) REQUIREMENTS.—For an automobile manufacturer to be eligible for a grant, loan, or loan guarantee under the program, the adjusted average fuel economy of the manufacturer for light duty vehicles for the most recent year for which data is available may not be less than the base year average fuel economy of the manufacturer for all of the light duty motor vehicles of the manufacturer.

(4) LIMITATION.—The total amounts of grants, loans, and loan guarantees that may be provided to any 1 qualified investment under the program shall be not more than $200,000,000.

(5) REGULATIONS.—The Secretary shall issue regulations establishing procedures for providing grants, loans, and loan guarantees under the program.

(6) AUTHORIZATION OF APPROPRIATIONS.—There are authorized to be appropriated such sums as are necessary to carry out this subsection.

(b) FUEL ECONOMY CALCULATIONS.—

(1) IN GENERAL.—Section 32905 of title 49, United States Code, is amended—

(A) in subsections (b) and (d),

(i) by amending paragraph (1) of each subsection to read as follows:

''(1) the number determined by—

''(A) subtracting from 1.0 the alternative fuel use factor for the model; and

''(B) dividing the difference calculated under subparagraph (A) by the fuel economy measured under section 32904(c) when operating the model on gasoline or diesel fuel; and''; and

(ii) by amending paragraph (2) of each subsection to read as follows:

''(2) the number determined by dividing the alternative fuel use factor for the model by the fuel economy measured under subsection (a) when operating the model on alternative fuel.''; and

(B) by adding at the end the following:

''(h) DETERMINATION OF ALTERNATIVE FUEL USE FACTOR.—

''(1) For purposes of subsections (b) and (d), the term 'alternative fuel use factor' means, for a model of automobile, the factor determined by the Administrator under paragraph (3).

''(2) At the beginning of each calendar year, the Secretary of Transportation shall estimate, by model, the aggregate amount of fuel and the aggregate amount of alternative fuel used to operate all dual fuel automobiles during the most recent 12-month period.

''(3) The Administrator shall determine, by regulation, the alternative fuel use factor for each model of dual fueled automobile, on an energy equivalent basis, by calculating the ratio that the amount of alternative fuel used by such model bears to the amount of fuel used by such model.''.

(2) APPLICABILITY OF EXISTING STANDARDS.—The amendments made by this subsection shall not affect the application of section 32901 of title 49, United States Code, to automobiles manufactured before model year 2007.

(3) EFFECTIVE DATE.—The amendments made by this subsection shall take effect on January 1, 2007.

**SEC. 153. CELLULOSE BIOMASS-TO-FUEL EARLY DEPLOYMENT AND COMMERCIALIZATION INITIATIVES.**

(a) GENERAL REQUIREMENTS.—

(1) DEFINITIONS.—In this section:

(A) CELLULOSE BIOMASS-TO-FUEL.—The term ''cellulose biomass-to-fuel'' means any fuel that is produced from at least 80 percent cellulosic biomass.

(B) COMMERCIAL-SCALE PLANT.—The term ''commercial-scale plant'' means a plant that—

(i) has a production capacity of greater than 7,000,000 gallons per year of cellulose biomass-to-fuel and related products, as measured by energy content; and

(ii) uses technology that has been successfully tested in a pilot or demonstration project that produced at least 1,000,000 gallons per year of cellulose biomass-to-fuel and related products, as measured by energy content.

(C) COMMITTEE.—The term ''Committee'' means the Cellulosic Biomass-to-Fuel Review Committee established under paragraph (4).

(D) PRE-COMMERCIAL SCALE PLANT.—The term ''pre-commercial scale plant'' means—

(i) a plant that has a production capacity of less than 7,000,000 gallons per year of cellulose biomass-to-fuel and related products, as measured by energy content; or

(ii) an existing industrial facility—

(I) that adds equipment to conduct research, development, or demonstration to overcome the recalcitrance of biomass, feedstock development, or co-products development; and

(II) at which the addition of the equipment increases the production capacity of the facility by less than 7,000,000 gallons per year of cellulose biomass-to-fuel and related products, as measured by energy content.

(E) PRODUCTION CAPACITY.—For purposes of this section, the production capacity of a plant shall be measured—

(i) assuming maximum potential output, 24 hours a day, 365 days per year; and

(ii) in terms of gallons of ethanol equivalent, with other fuels converted to this unit of measurement, based on the energy content of the fuels.

(2) PURPOSE.—The purpose of this section is to—

(A) accelerate deployment and commercialization of cellulosic biomass to fuel;

(B) reduce the oil dependence of the United States; and

(C) enhance the ability of the United States to produce alternative fuels.

(3) ESTABLISHMENT.—The Secretary, in consultation with the Secretary of the Treasury, shall establish a cellulose biomass-to-fuels incentives program under subsection (b).

(4) CELLULOSE BIOMASS-TO-FUEL REVIEW COMMITTEE.—The Secretary shall request that the National Academy of Science establish an independent Cellulose Biomass-to-Fuel Review Committee, of which at least ½ of the members shall be experts external to the Department of Agriculture and the Department of Energy.

(5) SOLICITATION PROCESS.—

(A) IN GENERAL.—The Secretary, in consultation with the Committee, shall establish an open and competitive solicitation process to select projects for participation in the cellulose biomass-to-fuel early deployment and commercialization initiative.

(B) ELIGIBILITY DETERMINATIONS.—Eligibility determinations shall be established based on expert peer review of the proposals by the Committee.

(C) CONSISTENCY.—The solicitation shall be consistent from year to year.

(D) REQUIREMENTS.—At a minimum, eligible plants shall—

(i) be located in the United States;

(ii) meet all applicable Federal and State permitting requirements; and

(iii) convert cellulose biomass to fuel.

(E) FINANCIAL CRITERIA.—The Secretary may establish such additional financial criteria as the Secretary considers to be appropriate.

(F) PRIORITIZATION.—In selecting projects, the Committee shall prioritize the following goals in the following order:

(i) Projects demonstrating the potential for significant advances in biomass processing.

(ii) Projects demonstrating the potential to substantially further scale-sensitive national objectives, including—

(I) sustainable resource supply;

(II) reduced greenhouse gas emissions;

(III) healthier rural economies; and

(IV) improved strategic security and trade balances.

(iii) Projects located in local markets that have the greatest need for the facility because of—

(I) a high level of demand for fuel ethanol or other commercial byproducts of the facility; or

(II) availability of sufficient quantities of cellulosic biomass.

(6) REPORTING.—Not later than 180 days after the date of enactment of this Act, the Secretary, in consultation with the Committee, shall submit to Congress a report that includes a 10-year plan containing—

(A) a detailed assessment of whether the aggregate funding levels provided under subsection (b) are appropriate;

(B) a detailed description of how proposals will be solicited and evaluated, including a list of all activities expected to be carried out; and

(C) a detailed list of milestones for each biomass and related technology that will be pursued.

(7) PERIODIC UPDATES.—Until all incentives committed under subsection (b) have been used, the Secretary, in conjunction with the Secretary of the Treasury, shall annually submit to Congress a report on the activities of the Secretary and the Secretary of the Treasury under this section.

(b) CELLULOSIC BIOMASS FUELS INCENTIVE PROGRAM.—

(1) IN GENERAL.—

(A) ESTABLISHMENT OF PROGRAM.—The Secretary, in consultation with the Secretary of the Treasury, shall establish a program for providing incentives to commercial scale cellulose biomass-to-fuels producers.

(B) IN GENERAL.—The Secretary may provide loan guarantees and performance incentives to merchant producers of cellulose biomass-to-fuel in the United States to assist the producers—

(i) to build eligible commercial-ready production facilities; and

(ii) to produce cellulose biomass-to-fuel in accordance with paragraphs (2) and (3).

(C) TOTAL VALUE OF INCENTIVES.—

(i) IN GENERAL.—Except as provided in clause (ii), cellulose biomass-to-fuel facilities selected by the Secretary may receive all of the incentives offered under this subsection.

(ii) TOTAL VALUE.—The total value to the facility of all incentives offered under this subsection shall not exceed the values presented in the following table, in which the ''Facility on line'' dates are expressed in years from the date of enactment of this Act.

| Facility on line: | Total Value of Incentives Over the Life of a Facility: The lesser of: | | |
|---|---|---|---|
| | Per million gallons capacity | Percent of total capital cost | Total dollar amount |
| Year 4 | $4,600,000 | 46% | $80,000,000 |
| Year 6 | $3,500,000 | 35% | $60,000,000 |
| Year 10 | $1,500,000 | 15% | $25,000,000 |

(D) AUTHORIZATION OF APPROPRIATIONS.—There are authorized to be appropriated to the Secretary such sums as are necessary to carry out this subsection.

(E) TERMINATION OF AUTHORITY.—The authority of the Secretary and the Secretary of the Treasury to commit to new incentives under paragraphs (2), (3), and (4) shall terminate on the date that is 10 years after the date of enactment of this Act.

(2) CELLULOSIC BIOMASS FUEL LOAN GUARANTEES.—

(A) ESTABLISHMENT OF PROGRAM.—The Secretary shall establish a program to provide guarantees of loans by private institutions for the construction of facilities to process and convert cellulosic biomass into fuel and other commercial byproducts.

(B) LIMITATION.—The total amount of all loans guaranteed under this paragraph shall not exceed $2,000,000,000 at any time during the program.

(C) REQUIREMENTS.—The Secretary may provide a loan guarantee under this paragraph to an applicant if—

(i) the prospective earning power of the applicant and the character and value of the security pledged provide a reasonable assurance of repayment of the loan to be guaranteed in accordance with the terms of the loan; and

(ii) the loan bears interest at a rate determined by the Secretary to be reasonable, taking into account—

(I) the current average yield on outstanding obligations of the United States with remaining periods of maturity comparable to the loan; and

(II) the risk profile of the loan.

(D) TERMS AND CONDITIONS.—The loan agreement for a loan guarantee under this paragraph shall provide that—

(i) no provision of the loan agreement may be amended or waived without the consent of the Secretary;

(ii) the loan guarantee shall have a maturity of not more than 20 years; and

(iii) the recipient of a loan guarantee under this paragraph shall pay the Secretary an amount determined by the Secretary to be sufficient to cover the administrative costs of the Secretary relating to the loan guarantee.

(E) ELIGIBILITY AND LIMITATIONS.—

(i) IN GENERAL.—In addition to the overall limitation established under paragraph (1)(C)(ii), the maximum loan guarantee that any project that is begun not later than 4 years after the date of establishment of the program under this paragraph may receive shall be the lesser of—

(I) $5,600,000 per million gallons of capacity;

(II) 80 percent of the total project debt; or

(III) $100,000,000 per facility.

(ii) SCHEDULE.—The Secretary shall establish a schedule of limitations that decrease throughout the period that begins on the date that is 4 year after the date of establishment of the program under this paragraph and ends on the date that is 10 years after the date of establishment of the program.

(F) FULL FAITH AND CREDIT.—

(i) IN GENERAL.—The full faith and credit of the United States is pledged to the payment of all guarantees issued under this paragraph with respect to principal and interest.

(ii) CONCLUSIVE EVIDENCE.—Any guarantee made by the Secretary under this paragraph shall be conclusive evidence of the eligibility of the loan for the guarantee with respect to principal and interest.

(iii) INCONTESTABLE VALIDITY.—The validity of the guarantee shall be incontestable in the hands of a holder of the guaranteed loan.

(G) ALLOWED USES OF FUNDS.—In the event of a performance shortfall, the loan guarantee funds may be used to either pay senior debt or make fixes to increase output or efficiency.

(3) CELLULOSIC BIOMASS FUELS PERFORMANCE INCENTIVES PROGRAM.—

(A) ESTABLISHMENT OF PROGRAM.—The Secretary shall establish a program to make available to commercial scale cellulose biomass-to-fuel producers performance incentives on a per gallon basis of cellulose biomass-to-fuel from eligible facilities.

(B) INCENTIVES.—

(i) IN GENERAL.—The program established under subparagraph (A) shall consist of 2 phases.

(ii) FIRST PHASE.—

(I) IN GENERAL.—During the period that begins on the date of establishment of the program under this paragraph and ends on the date that is 6 years after the date of establishment of the program, performance payments shall be available to all projects participating in the program, subject to the limits established in paragraph (1)(C)(ii).

(II) PAYMENTS.—During the period described in subclause (I), payments shall be made per gallon produced and sold by the facility during the first 6 years of operation.

(iii) SECOND PHASE.—

(I) IN GENERAL.—During the period that begins on the date that is 7 years after the date of establishment of the program under this paragraph and ends on the date that is 10 years after the date of establishment of the program, performance incentives shall be made available through not less than 2 reverse auctions as described in subclauses (II) through (V).

(II) AMOUNT OF FUNDS.—The Secretary, in coordination with the Secretary of the Treasury, shall establish the amount of funds available for use as performance payments after taking into account other existing and expected liabilities under this subsection.

(III) DESIRED AMOUNT.—For each reverse auction conducted under this clause, each eligible facility shall request a desired amount of performance incentive on a per gallon basis.

(IV) SELECTION OF FACILITIES.—The Secretary shall select facilities beginning with the facility that requests the lowest amount of performance incentive on a per gallon basis and continuing until the funds available under subclause (II) for the reverse auction are committed.

(V) INCENTIVES RECEIVED.—A facility selected by the Secretary shall receive the amount of performance incentive requested by the facility in the auction for each gallon produced and sold by the facility during the first 6 years of operation.

(C) LIMITATIONS.—

(i) IN GENERAL.—In addition to the overall limitation established in paragraph (1)(C)(ii), the value of incentives paid under this subsection for projects that are begun not later than 4 years after the date of establishment of the program under this paragraph shall be limited to the lesser of—

(I) $0.75 per gallon;

(II) $4,000,000 per million gallons of capacity; or

(III) 40 percent of the total capacity cost of the project.

(ii) SCHEDULE.—The Secretary shall establish a schedule of limitations that decrease throughout the period that begins on the date that is 4 year after the date of establishment of the program under this paragraph and ends on the date that is 10 years after the date of establishment of the program.

(c) AUTHORIZATION OF APPROPRIATIONS.—There are authorized to be appropriated such sums as are necessary to carry out this section.

**SEC. 154. NEAR-TERM VEHICLE TECHNOLOGY PROGRAM.**

(a) PURPOSES.—The purposes of this section are—

(1) to enable and promote comprehensive development, demonstration, and commercialization of a wide range of electric drive components, systems, and vehicles—

(A) in partnership with industry; and

(B) for a wide range of electric drive components, systems, and vehicles in a wide range of applications using diverse electric drive transportation technologies;

(2) to make critical public investments in building strong links to private industry, institutions of higher education, National Laboratories, and research institutions to expand innovation, industrial growth, and jobs in the United States;

(3) to take greater advantage of the existing electric infrastructure for transportation and other on-road and non-road mobile sources of emissions—

(A) that are reported to be over 3,000,000 units today, including electric forklifts, golf carts, and similar non-road vehicles; and

(B) because existing and emerging technologies that connect to the grid greatly enhance the energy security of the United States, reduce dependence on imported oil, and reduce emissions;

(4) to more quickly advance the widespread commercialization of all types of hybrid electric vehicle technology into all sizes and applications of vehicles leading to commercialization of plug-in hybrid electric vehicles, plug-in hybrid fuel cell vehicles, and eventually to fuel cell vehicles and use of batteries and electric vehicles to provide services back to the grid; and

(5) to improve the energy efficiency of and reduce the petroleum use of transportation.

(b) DEFINITIONS.—In this section:

(1) BATTERY.—The term ''battery'' means an energy story device used in an on-road or non-road vehicle powered in whole or in part using an off-board or on-board source of electricity.

(2) ELECTRIC DRIVE TRANSPORTATION TECHNOLOGY.—The term ''electric drive transportation technology'' means—

(A) on-road or non-road vehicles that use an electric motor for all or part of their motive power and that may or may not use off-board electricity, including battery electric vehicles, fuel cell vehicles, engine dominant hybrid electric vehicles, plug-in hybrid electric vehicles, plug-in hybrid fuel cell vehicles, and electric rail; or

(B) equipment related to transportation or mobile sources of air pollution that use an electric motor to replace an internal combustion engine for all or part of the work of the equipment, including corded electric equipment linked to transportation or mobile sources of air pollution.

(3) ENGINE DOMINANT HYBRID ELECTRIC VEHICLE.—The term ''engine dominant hybrid electric vehicle'' means an on-road or non-road vehicle propelled by an internal combustion engine or heat engine using—

(A) any combustible fuel;

(B) an on-board, rechargeable storage device; and

(C) no means of using an off-board source of electricity.

(4) FUEL CELL VEHICLE.—The term ''fuel cell vehicle'' means an on-road or non-road vehicle that uses a fuel cell (as defined in section 3 of the Spark M. Matsunaga Hydrogen Research, Development, and Demonstration Act of 1990).

(5) ON-ROAD OR NON-ROAD VEHICLE.—The term ''on-road or non-road vehicle'' means—

(A) a light-duty, medium-duty, or heavy-duty motor vehicle; or

(B) a vehicle or propelled piece of equipment that is primarily intended for use on private or public property other than publicly-owned highways, freeways, streets, and roads.

(6) PLUG-IN HYBRID ELECTRIC VEHICLE.—The term ''plug-in hybrid electric vehicle'' means an on-road or non-road vehicle that is propelled by an internal combustion engine or heat engine using—

(A) any combustible fuel;

(B) an on-board, rechargeable storage device; and

(C) a means of using an off-board source of electricity.

(7) PLUG-IN HYBRID FUEL CELL VEHICLE.—The term ''plug-in hybrid fuel cell vehicle'' means a fuel cell vehicle that also can use a battery supplied by an off-board source of electricity.

(c) PROGRAM.—The Secretary shall conduct a program of research, development, demonstration, and commercial application for electric drive transportation technology, including—

(1) high capacity, high efficiency lithium and nickel metal hybrid batteries for plug-in hybrid electric vehicles and plug-in hybrid fuel cell vehicles;

(2) high efficiency on-board and off-board charging components;

(3) high power drive train systems for passenger and commercial vehicles and for non-road equipment;

(4) control system development and power train development and integration for plug-in hybrid electric vehicles, plug-in hybrid fuel cell vehicles, and engine dominant hybrid electric vehicles, including—

(A) development of efficient cooling systems;

(B) analysis and development of control systems that minimize the emissions profile when clean diesel engines are part of a plug-in hybrid drive system; and

(C) development of different control systems that optimize for different goals, including—

(i) battery life;

(ii) reduction of petroleum consumption;

(iii) green house gas reduction; and

(iv) understanding consumer preference for many different control systems will assist or deter widespread applications of the vehicles;

(5) nanomaterial technology applied to both battery and fuel cell systems;

(6) large-scale demonstrations, testing, and evaluation of plug-in hybrid electric vehicles in different applications with different batteries and control systems, including—

(A) military applications;

(B) paratransit applications;

(C) mass market passenger and light-duty truck applications;

(D) private fleet applications; and

(E) medium- and heavy-duty applications;

(7) a nationwide education strategy for electric drive transportation technologies providing secondary and high school teaching materials and support for university education focused on electric drive system and component engineering;

(8) introduction strategies for plug-in hybrid electric vehicles and plug-in hybrid fuel cell vehicles, including—

(A) examining how best to link the technology to low carbon or renewable energy;

(B) an improved understanding of potential markets, driving patterns, charging behavior, and consumer acceptance and benefits; and

(C) working with the Administrator of the Environmental Protection Agency to develop procedures for testing and certification of criteria pollutants, fuel economy, and petroleum use for light-, medium- and heavy-duty vehicle applications, including considering—

(i) the vehicle and fuel as a system, not just an engine; and

(ii) nightly off-board charging; and

(9) advancement of battery and corded electric transportation technologies in mobile source applications by—

(A) improvement in battery, drive train, and control system technologies; and

(B) working with industry and the Administrator of the Environmental Protection Agency to—

(i) understand and inventory markets; and

(ii) identify and implement methods of removing barriers for existing and emerging applications.

(d) GOALS.—The goals of the electric drive transportation technology program established under subsection (c) shall be to develop, in partnership with industry and institutions of higher education, projects that focus on—

(1) innovative electric drive technology developed in the United States;

(2) growth of job opportunities for electric drive design and manufacturing;

(3) validation of the plug-in hybrid potential through fleet demonstrations; and

(4) enabling the fuel cell revolution by establishing a mature electric drive technology system that is an integral part of the fuel cell vehicle system.

(E) AUTHORIZATION OF APPROPRIATIONS.—There are authorized to be appropriated such sums as are necessary to carry out this section.

**SEC. 155. TIRE EFFICIENCY PROGRAM.**

(a) STANDARDS FOR TIRES MANUFACTURED FOR INTERSTATE COMMERCE.—Section 30123 of title 49, United States Code, is amended—

(1) in subsection (b)—

(A) in the first sentence, by striking ''The Secretary'' and inserting the following:

''(1) UNIFORM QUALITY GRADING SYSTEM.—

''(A) IN GENERAL.—The Secretary'';

(B) in the second sentence, by striking ''The Secretary'' and inserting the following:

''(2) NOMENCLATURE AND MARKETING PRACTICES.—The Secretary'';

(C) in the third sentence, by striking ''A tire standard'' and inserting the following:

''(3) EFFECT OF STANDARDS AND REGULATIONS.—A tire standard''; and

(D) in paragraph (1), as designated by subparagraph (A), by adding at the end the following:

''(B) INCLUSION.—The grading system shall include standards for rating the fuel efficiency of tires designed for use on passenger cars and light trucks.''; and

(2) by adding at the end the following:

''(d) NATIONAL TIRE EFFICIENCY PROGRAM.—

''(1) DEFINITION.—In this subsection, the term 'fuel economy', with respect to a tire, means the extent to which the tire contributes to the fuel economy of the motor vehicle on which the tire is mounted.

''(2) PROGRAM.—The Secretary shall develop and carry out a national tire fuel efficiency program for tires designed for use on passenger cars and light trucks.

''(3) REQUIREMENTS.—Not later than March 31, 2008, the Secretary shall implement—

''(A) policies and procedures for testing and labeling tires for fuel economy to enable tire buyers to make informed purchasing decisions about the fuel economy of tires;

''(B) policies and procedures to promote the purchase of energy-efficient replacement tires, including purchase incentives, website listings on the Internet, printed fuel economy guide booklets, and mandatory requirements for tire retailers to provide tire buyers with fuel-efficiency information on tires; and

''(C) minimum fuel economy standards for tires, promulgated by the Secretary.

''(4) MINIMUM FUEL ECONOMY STANDARDS.—In promulgating minimum fuel economy standards for tires, the Secretary shall design standards that—

''(A) ensure that the average fuel economy of replacement tires is equal to or better than the average fuel economy of tires sold as original equipment;

''(B) secure the maximum technically feasible and cost-effective fuel savings;

''(C) do not adversely affect tire safety;

''(D) incorporate the results from—

''(i) laboratory testing; and

''(ii) to the extent appropriate and available, on-road fleet testing programs conducted by manufacturers; and

''(E) do not adversely affect efforts to manage scrap tires.

''(5) APPLICABILITY.—The policies, procedures, and standards developed under paragraph (3) shall apply to all tire types and models regulated under the uniform tire quality grading standards in section 575.104 of title 49, Code of Federal Regulations (or a successor regulation).

''(6) REVIEW.—

''(A) IN GENERAL.—Not less than once every 3 years, the Secretary shall—

''(i) review the minimum fuel economy standards in effect for tires under this subsection; and

''(ii) subject to subparagraph (B), revise the standards as necessary to ensure compliance with standards under paragraph (4).

''(B) LIMITATION.—The Secretary may not reduce the average fuel economy standards applicable to replacement tires.

''(7) NO PREEMPTION OF STATE LAW.—Nothing in this section preempts any provision of State law relating to higher fuel economy standards applicable to replacement tires designed for use on passenger cars and light trucks.

''(8) EXCEPTIONS.—Nothing in this section shall apply to—

''(A) a tire or group of tires with the same SKU, plant, and year, for which the volume of tires produced or imported is less than 15,000 annually;

''(B) a deep tread, winter-type snow tire, space-saver tire, or temporary use spare tire;

''(C) a tire with a normal rim diameter of 12 inches or less;

''(D) a motorcycle tire; or

''(E) a tire manufactured specifically for use in an off-road motorized recreational vehicle.''.

(b) CONFORMING AMENDMENT.—Section 30103(b)(1) of title 49, United States Code, is amended by striking ''When'' and inserting ''Except as provided in section 30123(d), when''.

(c) TIME FOR IMPLEMENTATION.—Beginning not later than March 31, 2008, the Secretary of Transportation shall administer the national tire fuel efficiency program established under section 30123(d) of title 49, United States Code, in accordance with the policies, procedures, and standards developed under section 30123(d)(2) of such title.

**SEC. 156. HEAVY TRUCK IDLING REDUCTION.**

(a) DEFINITIONS.—In this section:

(1) HEAVY-DUTY MOTOR VEHICLE.—The term ''heavy-duty motor vehicle'' means a vehicle of greater than 10,000 pounds gross vehicle weight that is driven or drawn by mechanical power and manufactured primarily for use on public streets, roads, and highways, but does not include a vehicle operated only on a rail line.

(2) IDLING REDUCTION SYSTEM.—The term ''idling reduction system'' means a device or system of devices used to reduce long duration idling of a main drive engine in a vehicle.

(3) LONG DURATION IDLING.—The term ''long duration idling'' means the operation of a main drive engine of a heavy-duty motor vehicle for a period of more than 5 consecutive minutes when the main drive engine is not engaged in gear, except that such term does not include idling as a result of traffic congestion or other impediments to the movement of a heavy-duty motor vehicle.

(b) REGULATIONS.—Not later than 1 year after the date of enactment of this Act, the Administrator of the Environmental Protection Agency shall, in consultation with the Secretary of Transportation, prescribe regulations that ensure the maximum feasible and cost effective reductions in fuel consumption during long duration idling of heavy-duty motor vehicles. The Administrator shall review the regulations not less frequently than every 3 years and revise the regulations as necessary to ensure the regulations reflect the maximum feasible and cost effective reductions in fuel consumption during long duration idling.

(c) AIR QUALITY.—Not later than 1 year after the date of enactment of this Act, the Administrator of the Environmental Protection Agency shall prescribe regulations that prevent degradation in air quality resulting from the use of idling reduction systems.

(d) AGREEMENTS WITH STATES.—Section 111 of title 23, United States Code, is amended by adding at the end the following:

''(d) IDLING REDUCTION FACILITIES IN INTERSTATE RIGHTS-OF-WAY.—

''(1) IN GENERAL.—Notwithstanding subsection (a), a State may—

''(A) permit electrification or other idling reduction facilities and equipment, for use by motor vehicles used for commercial purposes, to be placed in rest and recreation areas, and in safety rest areas, constructed or located on rights-of-way of the Interstate System in the State, if the idling reduction measures do not—

''(i) reduce the existing number of designated truck parking spaces at any given rest or recreation area; or

''(ii) preclude the use of the spaces by trucks employing alternative idle reduction technologies; and

''(B) charge a fee, or permit the charging of a fee, for the use of a parking space that provides electrification or other idling reduction facilities and equipment.

''(2) PURPOSE OF FACILITIES.—The exclusive purpose of the electrification or other idling reduction facilities described in paragraph (1) (or similar technologies) shall be to enable operators of motor vehicles used for commercial purposes—

''(A) to reduce idling of a truck while parked in the rest or recreation area; and

''(B) to use equipment specifically designed to reduce idling of a truck, or provide alternative power for supporting driver comfort, while parked.''.

**SEC. 157. FUEL EFFICIENCY FOR HEAVY DUTY TRUCKS.**

Part C of subtitle VI of title 49, United States Code, is amended by inserting after chapter 329 the following:

**''CHAPTER 330—HEAVY DUTY VEHICLE FUEL ECONOMY STANDARDS**

Sec.
33001. Purpose and policy.
33002. Definitions.
33003. Standards.

**''§ 33001. Purpose and policy**

''The purpose of this chapter is to reduce petroleum consumption by heavy duty motor vehicles.

**''§ 33002. Definitions**

''In this chapter, 'heavy duty motor vehicle'—

''(1) means a vehicle of greater than 10,000 pounds gross vehicle weight that is driven or drawn by mechanical power and manufactured primarily for use on public streets, roads, and highways; and

''(2) does not include a vehicle operated only on a rail line.

**''§ 33003. Standards**

''(a) GENERAL REQUIREMENTS.—The Secretary of Transportation shall prescribe heavy duty motor vehicle fuel economy standards. Each standard shall be practicable, meet the need for heavy duty motor vehicle fuel consumption reduction, and be stated in objective terms.

''(b) CONSIDERATIONS AND CONSULTATION.—When prescribing a heavy duty motor vehicle fuel economy standard under this chapter, the Secretary shall—

''(1) consider relevant available heavy duty motor vehicle fuel consumption information;

''(2) consider whether a proposed standard is reasonable, practicable, and appropriate for the particular type of heavy duty motor vehicle for which it is prescribed; and

''(3) consider the extent to which the standard will carry out section 33001.

''(c) COOPERATION.—The Secretary may advise, assist, and cooperate with departments, agencies, and instrumentalities of the United States Government, States, and other public and private agencies in developing fuel economy standards for heavy duty motor vehicles.

''(d) EFFECTIVE DATES OF STANDARDS.—The Secretary shall specify the effective date and model years of a heavy duty motor vehicle fuel economy standard prescribed under this chapter.

''(e) 5-YEAR PLAN FOR TESTING STANDARDS.—The Secretary shall establish, periodically review, and continually update a 5-year plan for testing heavy duty motor vehicle fuel economy standards prescribed under this chapter. In developing the plan and establishing testing priorities, the Secretary shall consider factors the Secretary considers appropriate, consistent with section 33001 and the Secretary's other duties and powers under this chapter.''.

**SEC. 158. FLEXIBLE FUEL VEHICLE STANDARDS.**

(a) DEFINITIONS.—In this section:

(1) ALTERNATIVE FUEL; ALTERNATIVE FUEL AUTOMOBILE.—The terms ''alternative fuel'' and ''alternative fuel automobile'' have the meanings given such terms in section 32901 of title 49, United States Code.

(2) ALTERNATIVE FUEL REFUELING RETAIL OUTLET.—The term ''alternative fuel refueling retail outlet'' means an establishment—

(A) equipped to dispense alternative fuel into motor vehicles; and

(B) at which alternative fuel is sold or offered for sale to the general public for use in motor vehicles without the need to establish an account.

(3) FLEXIBLE FUEL VEHICLES.—The term ''flexible fuel vehicle'' means an alternative fuel vehicle capable of operating using gasoline and 1 or more alternative fuels, including—

(A) ethanol and methanol in blends up to 85 percent alternative fuel by volume; and

(B) electricity from an external charging source sufficient to power the vehicle for at least 20 miles of driving.

(4) OWNER OR LESSOR.—The term ''owner or lessor'' means—

(A) a franchisor who owns, leases, or controls a retail gasoline outlet at which the franchisee is authorized or permitted, under the franchise agreement, to sell alternative fuel;

(B) a refiner or distributor who owns, leases, or controls a retail gasoline outlet

(b) INCREASING PERCENTAGE OF LIGHT DUTY VEHICLES THAT ARE ALTERNATIVE OR FLEXIBLE FUEL VEHICLES.—

(1) IN GENERAL.—Of the new light duty vehicles sold in the United States—

(A) not less than 10 percent manufactured for model year 2009 shall be alternative fuel automobiles or flexible fuel vehicles;

(B) not less than 20 percent manufactured for model year 2010 shall be alternative fuel automobiles or flexible fuel vehicles;

(C) not less than 35 percent manufactured for model year 2011 shall be alternative fuel automobiles or flexible fuel vehicles; and

(D) not less than 50 percent manufactured for model year 2012, and each year thereafter, shall be alternative fuel automobiles or flexible fuel vehicles.

(2) RULEMAKING.—Not later than 1 year after the date of enactment of this Act, the Secretary of Transportation shall issue regulations to carry out the provisions of this subsection.

(c) ALTERNATIVE FUEL RETAIL OUTLETS.—

(1) REQUIREMENT.—Beginning in the year in which 10 percent or more of the registered vehicles in a county are capable of using a designated alternative fuel, each owner or lessor of a retail gasoline outlet with 10 or more vehicle fuel pumps in that county shall offer such designated alternative fuel at not less than 10 percent of such pumps.

(2) COMPLIANCE.—An owner or lessor is in compliance with the requirement under paragraph (1) if the owner or lessor—

(A) provides alternative fuel at vehicle pumps owned or controlled by the owner or lessor; or

(B) purchases credits from another owner or lessor who operates more than the minimum required number of alternative fuel pumps.

(3) PROJECTIONS.—Not later than July 1st of each year, the Secretary of Energy shall—

(A) identify the counties in which at least 10 percent of the registered vehicles are expected to be capable of using a designated alternative fuel within the following 18-month period; and

(B) notify owners and lessors with retail gasoline outlets in the counties identified under subparagraph (A) of the alternative fuel pump requirement under this subsection.

(4) RULEMAKING.—The Secretary of Energy shall issue regulations to carry out the provisions of this subsection.

**SEC. 159. OIL SAVINGS STUDIES.**

(a) IN GENERAL.—The Secretary of Transportation shall develop and implement pilot projects the purpose of which is to reduce vehicle miles traveled.

(b) HIGHWAY CONGESTION TOLLING EVALUATION STUDY.—The Secretary of Transportation shall carry out a national evaluation study to determine how technology can best be applied to assess—

(1) mileage-based road user charges on major highways at peak-commuting times for the purposes of—

(A) reducing oil usage;

(B) lessening highway congestion; and

(C) expanding travel alternatives; and

(2) the economic impact on users.

(c) PARKING CASH-OUT EVALUATION PROJECT.—The Secretary of Transportation shall carry out a national evaluation pilot project to assess how offering commuters the option to receive the cash value of their workplace parking place instead of free parking can—

(1) reduce oil usage;

(2) lessen highway congestion; and

(3) promote economic development.

(d) AUTHORIZATION OF APPROPRIATIONS.—There are authorized to be appropriated to carry out this section $8,000,000 for each of fiscal years 2006 through 2015.

**SEC. 159A. NATIONWIDE MEDIA CAMPAIGN TO DECREASE OIL CONSUMPTION.**

(a) IN GENERAL.—The Secretary of Energy, acting through the Assistant Secretary for Energy Efficiency and Renewable Energy (referred to in this section as the ''Secretary''), shall develop and conduct a national media campaign for the purpose of decreasing oil consumption in the United States over the next decade.

(b) CONTRACT WITH ENTITY.—The Secretary shall carry out subsection (a) directly or through—

(1) contracts with 1 or more nationally recognized media firms for the development and distribution of monthly television, radio, and newspaper public service announcements; or

(2) collective agreements with 1 or more nationally recognized institutes, businesses, or nonprofit organizations for the funding, development, and distribution of monthly television, radio, and newspaper public service announcements.

(c) USE OF FUNDS.—

(1) IN GENERAL.—Amounts made available to carry out this section shall be used for the following:

(A) ADVERTISING COSTS.—

(i) The purchase of media time and space.

(ii) Creative and talent costs.

(iii) Testing and evaluation of advertising.

(iv) Evaluation of the effectiveness of the media campaign.

(v) The negotiated fees for the winning bidder on requests from proposals issued either by the Secretary for purposes otherwise authorized in this section.

(vi) Entertainment industry outreach, interactive outreach, media projects and activities, public information, news media outreach, and corporate sponsorship and participation.

(B) ADMINISTRATIVE COSTS.—Operational and management expenses.

(2) LIMITATIONS.—In carrying out this section, the Secretary shall allocate not less than 85 percent of funds made available under subsection (e) for each fiscal year for the advertising functions specified under paragraph (1)(A).

(d) REPORTS.—The Secretary shall annually submit to Congress a report that describes—

(1) the strategy of the national media campaign and whether specific objectives of the campaign were accomplished, including—

(A) determinations concerning the rate of change of oil consumption, in both absolute and per capita terms; and

(B) an evaluation that enables consideration whether the media campaign contributed to reduction of oil consumption;

(2) steps taken to ensure that the national media campaign operates in an effective and efficient manner consistent with the overall strategy and focus of the campaign;

(3) plans to purchase advertising time and space;

(4) policies and practices implemented to ensure that Federal funds are used responsibly to purchase advertising time and space and eliminate the potential for waste, fraud, and abuse; and

(5) all contracts or cooperative agreements entered into with a corporation, partnership, or individual working on behalf of the national media campaign.

(e) AUTHORIZATION OF APPROPRIATIONS.—There is authorized to be appropriated to carry out this section $100,000,000 for each of fiscal years 2006 through 2010.

**SEC. 159B. OIL SAVINGS TARGET AND ACTION PLAN.**

Not later than 270 days after the date of enactment of this Act, the Director of the Office of Management and Budget (referred to in this section as the ''Director'') shall publish in the Federal Register an action plan consisting of—

(1) a list of requirements proposed pursuant to section 159C that are authorized to be issued under law in effect on the date of enactment of this Act, and this subtitle, that will be sufficient, when taken together, to save from the baseline determined under section 159F, at least—

(A) 1,000,000 barrels of oil per day during calendar year 2015; and

(B) 2,500,000 barrels per day during calendar year 2020; and

(2) a Federal Government-wide analysis that analyzes—

(A) the expected oil savings from the baseline to be accomplished by each requirement; and

(B) whether all such requirements, taken together, will achieve the oil savings specified in this section.

**SEC. 159C. STANDARDS AND REQUIREMENTS.**

(a) SECRETARY OF ENERGY.—On or before the date of publication of the action plan under section 159B, the Secretary shall propose regulations establishing each standard or other requirement listed in the action plan that is under the jurisdiction of the Secretary.

(b) SECRETARY OF TRANSPORTATION.—On or before the date of publication of the action plan under section 159B, the Secretary of Transportation shall propose regulations establishing each standard or other requirement listed in the action plan that is under the jurisdiction of the Secretary of Transportation.

(c) ADMINISTRATOR.—On or before the date of publication of the action plan under section 159B, the Administrator shall propose regulations establishing each standard or other requirement listed in the action plan that is under the jurisdiction of the Administrator.

(d) FINAL REGULATIONS.—Not later than 18 months after the date of enactment of this Act, the Secretary, the Secretary of Transportation, and the Administrator shall promulgate final regulations described in subsections (a), (b), and (c), respectively.

(e) AGENCY ANALYSES.—Each proposed and final regulation promulgated under this section shall—

(1) be accompanied by an agency analysis of the oil savings from the baseline determined under section 159F that the regulation will achieve; and

(2) achieve at least the oil savings required as a result of the regulation under the action plan published under section 159B.

**SEC. 159D. INITIAL EVALUATION.**

(a) IN GENERAL.—Not later than 2 years after the date of enactment of this Act, the Director of the Office of Management and Budget (referred to in this section as the ''Director'') shall publish in the Federal Register a Federal Government-wide analysis of the oil savings achieved from the baseline established under section 159F.

(b) INADEQUATE OIL SAVINGS.—If the oil savings are less than the targets established under section 159B, simultaneously with the analysis required under subsection (a)—

(1) the Director shall publish a revised action plan that is adequate to achieve the targets; and

(2) the Secretary of Energy, the Secretary of Transportation, and the Administrator shall propose new or revised regulations under subsections (a), (b), and (c), respectively, of section 159C.

(c) FINAL REGULATIONS.—Not later than 180 days after the date on which regulations are proposed under subsection (b)(2), the Secretary of Energy, the Secretary of Transportation, and the Administrator shall promulgate final versions of those regulations.

**SEC. 159E. REVIEW AND UPDATE OF ACTION PLAN.**

(a) REVIEW.—Not later than January 1, 2010, and every 3 years thereafter, the Director of the Office of Management and Budget (referred to in this section as the ''Director'') shall publish a report that—

(1) evaluates the progress achieved in implementing the oil savings targets established under section 159B;

(2) analyzes the expected oil savings under the standards and requirements established under this subtitle and the amendments made by this subtitle; and

(3)(A) analyzes the potential to achieve oil savings that are in addition to the savings required by section 159B; and

(B) if the President determines that it is in the national interest, establishes a higher oil savings target for calendar year 2016 or any subsequent calendar year.

(b) INADEQUATE OIL SAVINGS.—If the oil savings are less than the targets established under section 159B, simultaneously with the report required under subsection (a)—

(1) the Director shall publish a revised action plan that is adequate to achieve the targets; and

(2) the Secretary of Energy, the Secretary of Transportation, and the Administrator shall propose new or revised regulations under subsections (a), (b), and (c), respectively, of section 159C.

(c) FINAL REGULATIONS.—Not later than 180 days after the date on which regulations are proposed under subsection (b)(2), the Secretary of Energy, the Secretary of Transportation, and the Administrator shall promulgate final versions of those regulations.

**SEC. 159F. BASELINE AND ANALYSIS REQUIREMENTS.**

In performing the analyses and promulgating proposed or final regulations to establish standards and other requirements necessary to achieve the oil savings required by this subtitle, the Director of the Office of Management and Budget, the Secretary of Energy, the Secretary of Transportation, and the Administrator shall—

(1) determine oil savings as the projected reduction in oil consumption from the baseline established by the reference case contained in the report of the Energy Information Administration entitled ''Annual Energy Outlook 2005'';

(2) determine the oil savings projections required on an annual basis for each of calendar years 2008 through 2025; and

(3) account for any overlap among the standards and other requirements to ensure that the projected oil savings from all the promulgated standards and requirements, taken together, are as accurate as practicable.

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**SA 949.** Mr. REED submitted an amendment intended to be proposed by him to the bill H.R. 6, to ensure jobs for our future with secure, affordable, and reliable energy; which was ordered to lie on the table; as follows:

On page 327, after line 21, insert the following:

**SEC. 3___. COST-SHARING PLAN.**

Section 3 of the Natural Gas Act (15 U.S.C. 717b) (as amended by section 381) is amended by adding at the end the following:

''(f)(1) Before issuing an order authorizing an applicant to site, construct, expand, or operate a liquefied natural gas import facility, the Commission shall require the applicant, in cooperation with the Commandant of the Coast Guard and State and local agencies that provide for the safety and security of the liquefied natural gas import facility and any vessels that serve the facility, to develop a cost-sharing plan.

''(2) A cost-sharing plan developed under paragraph (1) shall include a description of any direct cost reimbursements that the applicant agrees to provide to any State and local agencies with responsibility for security and safety—

''(A) at the liquefied natural gas import facility; and

''(B) in proximity to vessels that serve the facility.''.

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**SA 950.** Mr. REED submitted an amendment intended to be proposed by him to the bill H.R. 6, to ensure jobs for our future with secure, affordable, and reliable energy; which was ordered to lie on the table; as follows:

On page 311, strike lines 19 through 24.

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**SA 951.** Mr. REED submitted an amendment intended to be proposed by him to the bill H.R. 6, to ensure jobs for our future with secure, affordable, and reliable energy; which was ordered to lie on the table; as follows:

Beginning on page 311, strike line 19 and all that follows through page 312, line 25, and insert the following:

''(2)(A) Except as provided in subparagraph (B), the Commission may approve an application for the siting, construction, expansion, or operation of facilities located onshore or in State waters for the import of natural gas from a foreign country or the export of natural gas to a foreign country, in whole or part, with such modifications and upon such terms and conditions as the Commission finds appropriate.

''(B) The Commission shall not—

''(i) deny an application solely on the basis that the applicant proposes to use the liquefied natural gas import facility exclusively or partially for gas that the applicant or an affiliate of the applicant will supply to the facility; or

''(ii) condition an order on—

''(I) a requirement that the liquefied natural gas import facility offer service to customers other than the applicant, or any affiliate of the applicant, securing the order;

''(II) any regulation of the rates, charges, terms, or conditions of service of the liquefied natural gas import facility; or

''(III) a requirement to file with the Commission schedules or contracts related to the rates, charges, terms, or conditions of service of the liquefied natural gas import facility.

''(3) An order issued for a liquefied natural gas import facility that also offers service to customers on an * * *

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**SA 952.** Mr. SHELBY submitted an amendment intended to be proposed by him to the bill H.R. 6, to ensure jobs for our future with secure, affordable, and reliable energy; which was ordered to lie on the table; as follows:

On page 311, after line 24, add the following:

''(3)(A) The Governor of a State in which a facility for the import of natural gas from a foreign country (referred to in this paragraph as a 'LNG facility') is proposed to be located shall designate a lead State agency.

''(B) The Commission shall grant the request of a lead State agency that requests cooperating agency status in accordance with regulations promulgated pursuant to the National Environmental Policy Act (42 U.S.C. 4321 et seq.) with respect to a proposed LNG facility.

''(C) The Commission shall promulgate regulations under the National Environmental Policy Act pre-filing process within 60 days of enactment of this section.

''(D) An applicant seeking Commission approval for an LNG facility shall follow the National Environmental Policy Act pre-filing process to commence at least 7 months prior to the filing of an application for authorization to construct an LNG facility. During this pre-filing process the applicant shall—

''(i) list all the relevant Federal and State agencies with corresponding permitting requirements;

''(ii) include documents establishing that the applicant has notified the relevant Federal and State agencies of the applicant's intent to file an application with the Commission;

''(iii) identify interested persons and organizations that have been contacted about the project; and

''(iv) detail stakeholder outreach efforts to date and provide a public participation plan to facilitate stakeholder communications and outreach efforts.

''(E) Upon completion of the pre-filing process under the National Environmental Policy Act, the applicant may file its application with the Commission.

''(F) A lead State agency may furnish an advisory report to the Commission with respect to an application no later than 30 days after the application was filed with the Commission. An advisory report may address siting issues, access to infrastructure, alternative potential locations, safety and security concerns, and access to emergency responders.

''(G) Before issuing an order authorizing an applicant to site, construct, expand or operate a liquefied natural gas import facility, the Commission shall review and respond specifically to the issues raised by the lead State agency in the advisory report.

''(H) This paragraph shall apply to any application filed after the date of enactment of this paragraph. A lead State agency has 30 days after the date of enactment of this paragraph to file an advisory report related to any applications pending at the Commission as of the date of enactment of this paragraph.

''(4)(A) Before issuing an order authorizing an applicant to site, construct, expand, or operate a liquefied natural gas import facility, the Commission shall require the applicant, in cooperation with the Commandant of the Coast Guard and State and local agencies that provide for the safety and security of the liquefied natural gas import facility and any vessels that serve the facility, to develop a cost-sharing plan.

''(B) A cost-sharing plan developed under subparagraph (A) shall include a description of any direct cost reimbursements that the applicant agrees to provide to any State and local agencies with responsibility for security and safety—

''(i) at the liquefied natural gas import facility; and

''(ii) in proximity to vessels that serve the facility.''.

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**SA 953.** Mr. DOMENICI submitted an amendment intended to be proposed by him to the bill H.R. 6, To ensure jobs for our future with secure, affordable, and reliable energy; which was ordered to lie on the table; as follows:

On page 11, between lines 10 and 11, insert the following:

(O) Savannah River National Laboratory.

On page 11, line 11, strike ''(O)'' and insert ''(P)''.

On page 11, line 12, strike ''(P)'' and insert ''(Q)''.

Beginning on page 47, strike line 11 and all that follows through page 49, line 4, and insert the following:

**SEC. 127. STATE BUILDING ENERGY EFFICIENCY CODES INCENTIVES.**

Section 304(e) of the Energy Conservation and Production Act (42 U.S.C. 6833(e)) is amended—

(1) in paragraph (1), by inserting before the period at the end of the first sentence the following: '', including increasing and verifying compliance with such codes''; and

(2) by striking paragraph (2) and inserting the following:

''(2) Additional funding shall be provided under this subsection for implementation of a plan to achieve and document at least a 90 percent rate of compliance with residential and commercial building energy efficiency codes, based on energy performance—

''(A) to a State that has adopted and is implementing, on a statewide basis—

''(i) a residential building energy efficiency code that meets or exceeds the requirements of the 2004 International Energy Conservation Code, or any succeeding version of that code that has received an affirmative determination from the Secretary under subsection (a)(5)(A); and

''(ii) a commercial building energy efficiency code that meets or exceeds the requirements of the ASHRAE Standard 90.1–2004, or any succeeding version of that standard that has received an affirmative determination from the Secretary under subsection (b)(2)(A); or

''(B) in a State in which there is no statewide energy code either for residential buildings or for commercial buildings, to a local government that has adopted and is implementing residential and commercial building energy efficiency codes, as described in subparagraph (A).

''(3) Of the amounts made available under this subsection, the Secretary may use $500,000 for each fiscal year to train State and local officials to implement codes described in paragraph (2).

''(4)(A) There are authorized to be appropriated to carry out this subsection—

''(i) $25,000,000 for each of fiscal years 2006 through 2010; and

''(ii) such sums as are necessary for fiscal year 2011 and each fiscal year thereafter.

''(B) Funding provided to States under paragraph (2) for each fiscal year shall not exceed ½ of the excess of funding under this

subsection over $5,000,000 for the fiscal year.''.

On page 76, lines 9 and 10, strike ''January 1, 2006'' and insert ''January 1, 2007''.

On page 234, strike lines 23 through 25, and insert the following:

(20) by striking ''section 104(b) of the Naval Petroleum Reserves Production Act of 1976 (90 Stat. 304; 42 U.S.C. 6504)'' and inserting ''section 104(a)''; and

On page 296, after line 25, add the following:

**SEC. 347. FINGER LAKES WITHDRAWAL.**

All Federal land within the boundary of Finger Lakes National Forest in the State of New York is withdrawn from—

(1) all forms of entry, appropriation, or disposal under the public land laws; and

(2) disposition under all laws relating to oil and gas leasing.

On page 321, line 18, insert ''by the Commission'' after ''request''.

On page 353, strike lines 19 through 24 and insert the following:

on Indian land;

''(C) provide low-interest loans to Indian tribes and tribal energy resource development organizations for use in the promotion of energy resource development on Indian land and integration of energy resources; and

''(D) provide grants and technical assistance to an appropriate tribal environmental organization, as determined by the Secretary, that represents multiple Indian tribes to establish a national resource center to develop tribal capacity to establish and carry out tribal environmental programs in support of energy-related programs and activities under this title, including—

''(i) training programs for tribal environmental officials, program managers, and other governmental representatives;

''(ii) the development of model environmental policies and tribal laws, including tribal environmental review codes, and the creation and maintenance of a clearinghouse of best environmental management practices; and

''(iii) recommended standards for reviewing the implementation of tribal environmental laws and policies within tribal judicial or other tribal appeals systems.

On page 356, between lines 15 and 16, insert the following:

''(C) In providing a grant under this subsection for an activity to provide, or expand the provision of, electricity on Indian land, the Director shall encourage cooperative arrangements between Indian tribes and utilities that provide service to Indian tribes, as the Director determines to be appropriate.

On page 357, line 6, insert ''(A)'' after ''(2)''.

On page 357, between lines 16 and 17, insert the following:

''(B) In providing a loan guarantee under this subsection for an activity to provide, or expand the provision of, electricity on Indian land, the Secretary of Energy shall encourage cooperative arrangements between Indian tribes and utilities that provide service to Indian tribes, as the Secretary determines to be appropriate.

On page 488, strike lines 5 through 9 and insert the following:

(a) DEFINITION OF LIGNOCELLULOSIC FEEDSTOCK.—In this section, the term ''lignocellulosic feedstock'' means any portion of a plant or coproduct from conversion, including crops, trees, and agricultural and forest residues not specifically grown for food.

On page 489, line 3, strike ''cellulosic feedstocks'' and insert ''lignocellulosic feedstocks''.

On page 489, lines 11 and 12, strike ''cellulosic feedstocks'' and insert ''lignocellulosic feedstocks''.

On page 503, strike lines 22 through 24.

On page 504, line 1, strike ''(2)'' and insert ''(1)''.

On page 504, strike lines 4 through 7 and insert the following:

(2) For activities under section 955—

(A) $337,000,000 for fiscal year 2006;

(B) $364,000,000 for fiscal year 2007; and

(C) $394,000,000 for fiscal year 2008.

(3) For activities under section 956—

(A) $20,000,000 for fiscal year 2006;

(B) $25,000,000 for fiscal year 2007; and

(C) $30,000,000 for fiscal year 2008.

On page 504, line 24, strike ''(b)(2)'' and insert ''(b)(1)''.

Beginning on page 505, strike lines 17 and all that follows through page 506, line 2.

On page 506, line 3, strike ''(c)'' and insert ''(b)''.

On page 506, line 11, strike ''(d)'' and insert ''(c)''.

Beginning on page 519, strike line 9 and all that follows through page 523, line 6, and insert the following:

**SEC. 955. COAL AND RELATED TECHNOLOGIES PROGRAM.**

(a) IN GENERAL.—In addition to the programs authorized under title IV, the Secretary shall conduct a program of technology research, development, and demonstration and commercial application for coal and power systems, including programs to facilitate production and generation of coal-based power through—

(1) innovations for existing plants (including mercury removal);

(2) gasification systems;

(3) advanced combustion systems;

(4) turbines for synthesis gas derived from coal;

(5) carbon capture and sequestration research and development;

(6) coal-derived chemicals and transportation fuels;

(7) liquid fuels derived from low rank coal water;

(8) solid fuels and feedstocks;

(9) advanced coal-related research;

(10) advanced separation technologies; and

(11) fuel cells for the operation of synthesis gas derived from coal.

(b) COST AND PERFORMANCE GOALS.—

(1) IN GENERAL.—In carrying out programs authorized by this section, the Secretary shall identify cost and performance goals for coal-based technologies that would permit the continued cost-competitive use of coal for the production of electricity, chemical feedstocks, and transportation fuels in 2008, 2010, 2012, and 2016, and each calendar year beginning after September 30, 2021.

(2) ADMINISTRATION.—In establishing the cost and performance goals, the Secretary shall—

(A) consider activities and studies undertaken as of the date of enactment of this Act by industry in cooperation with the Department in support of the identification of the goals;

(B) consult with interested entities, including—

(i) coal producers;

(ii) industries using coal;

(iii) organizations that promote coal and advanced coal technologies;

(iv) environmental organizations;

(v) organizations representing workers; and

(vi) organizations representing consumers;

(C) not later than 120 days after the date of enactment of this Act, publish in the Federal Register proposed draft cost and performance goals for public comments; and

(D) not later than 180 days after the date of enactment of this Act and every 4 years thereafter, submit to Congress a report describing the final cost and performance goals for the technologies that includes—

(i) a list of technical milestones; and

(ii) an explanation of how programs authorized in this section will not duplicate the activities authorized under the Clean Coal Power Initiative authorized under title IV.

(c) POWDER RIVER BASIN AND FORT UNION LIGNITE COAL MERCURY REMOVAL.—

(1) IN GENERAL.—In addition to the programs authorized by subsection (a), the Secretary may establish a program to test and develop technologies to control and remove mercury emissions from subbituminous coal mined in the Powder River Basin, and Fort Union lignite coals, that are used for the generation of electricity.

(2) EFFICACY OF MERCURY REMOVAL TECHNOLOGY.—In carrying out the program under paragraph (1), the Secretary shall examine the efficacy of mercury removal technologies on coals described in that paragraph that are blended with other types of coal.

**SEC. 956. CARBON CAPTURE RESEARCH AND DEVELOPMENT PROGRAM.**

(a) IN GENERAL.—The Secretary shall carry out a 10-year carbon capture research and development program to develop carbon dioxide capture technologies on combustion-based systems for use—

(1) in new coal utilization facilities; and

(2) on the fleet of coal-based units in existence on the date of enactment of this Act.

(b) OBJECTIVES.—The objectives of the program under subsection (a) shall be—

(1) to develop carbon dioxide capture technologies, including adsorption and absorption techniques and chemical processes, to remove the carbon dioxide from gas streams containing carbon dioxide potentially amenable to sequestration;

(2) to develop technologies that would directly produce concentrated streams of carbon dioxide potentially amenable to sequestration;

(3) to increase the efficiency of the overall system to reduce the quantity of carbon dioxide emissions released from the system per megawatt generated; and

(4) in accordance with the carbon dioxide capture program, to promote a robust carbon sequestration program and continue the work of the Department, in conjunction with the private sector, through regional carbon sequestration partnerships.

On page 522, between lines 8 and 9, insert the following:

(d) FUEL CELLS.—

(1) IN GENERAL.—The Secretary shall conduct a program of research, development, demonstration, and commercial application on fuel cells for low-cost, high-efficiency, fuel-flexible, modular power systems.

(2) DEMONSTRATIONS.—The demonstrations referred to in paragraph (1) shall include solid oxide fuel cell technology for commercial, residential, and transportation applications, and distributed generation systems, using improved manufacturing production and processes.

On page 558, beginning on line 22, strike ''of the Senate'' and all that follows through ''Commerce'' on line 23 and insert ''and the Committee on Foreign Relations of the Senate and the Committee on Energy and Commerce and the Committee on International Relations''.

On page 595, between lines 4 and 5, insert the following:

(2) REPORT ON TRENDS.—Not later than 1 year after the date of enactment of this Act, the Secretary shall submit to Congress a report on current trends under paragraph (1), with recommendations (as appropriate) to meet the future labor requirements for the energy technology industries.

On page 595, line 5, strike ''(2) REPORT.—As'' and insert the following:

(3) REPORT ON SHORTAGE.—As

On page 596, strike line 22 and all that follows through page 597, line 20, and insert the following:

**SEC. 1103. EDUCATIONAL PROGRAMS IN SCIENCE AND MATHEMATICS.**

(a) SCIENCE EDUCATION ENHANCEMENT FUND.—Section 3164 of the Department of Energy Science Education Enhancement Act (42 U.S.C. 7381a) is amended by adding at the end:

''(c) SCIENCE EDUCATION ENHANCEMENT FUND.—The Secretary shall use not less than 0.2 percent of the amount made available to the Department for fiscal year 2006 and each fiscal year thereafter to carry out activities authorized by this part.''.

(b) AUTHORIZED EDUCATION ACTIVITIES.—Section 3165 of the Department of Energy Science Education Enhancement Act (42 U.S.C. 7381b) is amended by adding at the end the following:

''(14) Support competitive events for students under the supervision of teachers, designed to encourage student interest and knowledge in science and mathematics.

''(15) Support competitively-awarded, peer-reviewed programs to promote professional development for mathematics teachers and science teachers who teach in grades from kindergarten through grade 12 at Department research and development facilities.

''(16) Support summer internships at Department research and development facilities, for mathematics teachers and science teachers who teach in grades from kindergarten through grade 12.

''(17) Sponsor and assist in educational and training activities identified as critical skills needs for future workforce development at Department research and development facilities.''.

(c) EDUCATIONAL PARTNERSHIPS.—Section 3166(b) of the Department of Energy Science Education Enhancement Act (42 U.S.C. 7381c(b)) is amended—

(1) by striking paragraph (1) and inserting the following:

''(1) loaning or transferring equipment to the institution;'';

(2) in paragraph (5), by striking ''and'' at the end;

(3) in paragraph (6), by striking the period at the end and inserting ''; and''; and

(4) by adding at the end the following:

''(7) providing funds to educational institutions to hire personnel to facilitate interactions between local school systems, Department research and development facilities, and corporate and governmental entities.''.

(d) DEFINITION OF DEPARTMENT RESEARCH AND DEVELOPMENT FACILITIES.—Section 3167(3) of the Department of Energy Science Education Enhancement Act (42 U.S.C. 7381d(3)) is amended by striking ''from the Office of Science of the Department of Energy'' and inserting ''by the Department of Energy''.

(e) STUDY.—

(1) IN GENERAL.—The Secretary shall enter into an arrangement with the National Academy of Public Administration to conduct a study of the priorities, quality, local and regional flexibility, and plans for educational programs at Department research and development facilities.

(2) INCLUSION.—The study shall recommend measures that the Secretary may take to improve Department-wide coordination of educational, workforce development, and critical skills development activities.

(3) REPORT.—Not later than 2 years after the date of enactment of this Act, the Secretary shall submit to Congress a report on the results of the study conducted under this subsection.

On page 599, line 15, insert ''(as amended by section 1103(a))'' after ''7381a)''.

On page 599, line 17, strike ''(c)'' and insert ''(d)''.

On page 686, line 3, insert ''by the Commission'' after ''request''.

On page 755, after line 25, add the following:

**SEC. 13___. STUDY OF LINK BETWEEN ENERGY SECURITY AND INCREASES IN VEHICLE MILES TRAVELED.**

(a) IN GENERAL.—The Secretary shall enter into an arrangement with the National Academy of Sciences under which the Academy shall conduct a study to assess the implications on energy use and efficiency of land development patterns in the United States.

(b) SCOPE.—The study shall consider—

(1) the correlation, if any, between land development patterns and increases in vehicle miles traveled;

(2) whether petroleum use in the transportation sector can be reduced through changes in the design of development patterns;

(3) the potential benefits of—

(A) information and education programs for State and local officials (including planning officials) on the potential for energy savings through planning, design, development, and infrastructure decisions;

(B) incorporation of location efficiency models in transportation infrastructure planning and investments; and

(C) transportation policies and strategies to help transportation planners manage the demand for the number and length of vehicle trips, including trips that increase the viability of other means of travel; and

(4) such other considerations relating to the study topic as the National Academy of Sciences finds appropriate.

(c) REPORT.—Not later than 2 years after the date of enactment of this Act, the National Academy of Sciences shall submit to the Secretary and Congress a report on the study conducted under this section.

**SEC. 13___. STUDY OF AVAILABILITY OF SKILLED WORKERS.**

(a) IN GENERAL.—The Secretary shall enter into an arrangement with the National Academy of Sciences under which the National Academy of Sciences shall conduct a study of the short-term and long-term availability of skilled workers to meet the energy and mineral security requirements of the United States.

(b) INCLUSIONS.—The study shall include an analysis of—

(1) the need for and availability of workers for the oil, gas, and mineral industries;

(2) the availability of skilled labor at both entry level and more senior levels; and

(3) recommendations for future actions needed to meet future labor requirements.

(c) REPORT.—Not later than 2 years after the date of enactment of this Act, the Secretary shall submit to Congress a report that describes the results of the study.

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**SA 954.** Mr. SESSIONS submitted an amendment intended to be proposed by him to the bill H.R. 6, To ensure jobs for our future with secure, affordable, and reliable energy; which was ordered to lie on the table; as follows:

At the appropriate place, insert the following:

**SEC. ___. STATE TAXES ON LIQUIFIED NATURAL GAS.**

(a) IN GENERAL.—

(1) IN GENERAL.—A State may impose a tax on the value of any liquified natural gas received by any facility which is authorized by the Federal Energy Regulatory Commission under section 3(d) of the Natural Gas Act (15 U.S.C. 717b(d)) and which is within such State.

(2) AMOUNT OF TAX.—The amount of any tax imposed under paragraph (1) shall not be more than 0.25 percent of the value such gas.

(b) EFFECT ON INTERSTATE COMMERCE.—Any tax imposed under subsection (a) shall—

(1) be considered to be a reasonable regulation of commerce; and

(2) not be considered to impose an undue burden on interstate commerce or to otherwise impair, restrain, or discriminate against interstate commerce.

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**SA 955.** Mr. CORZINE submitted an amendment intended to be proposed by him to the bill H.R. 6, To ensure jobs for our future with secure, affordable, and reliable energy; which was ordered to lie on the table; as follows:

Beginning on page 1, line 1, strike ''On page'' and all that follows through page 15, line 24, and insert the following:

On page 56, between lines 17 and 18, insert the following:

**SEC. 325. OUTER CONTINENTAL SHELF.**

Sections 107, 108, and 109 of division E of the Consolidated Appropriations Act, 2005 (Public Law 108–447; 118 Stat. 3063) are amended by striking ''provided in this title'' each place appears and inserting ''made available under this Act or any other Act for any fiscal year''.

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**SA 956.** Mr. CORZINE submitted an amendment intended to be proposed by him to the bill H.R. 6, to ensure jobs for our future with secure, affordable, and reliable energy; which was ordered to lie on the table; as follows:

On page 10, line 5, insert ''and each State in the same OCS planning area with a coastline'' after ''State''.

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**SA 957.** Mr. CORZINE submitted an amendment intended to be proposed by him to the bill H.R. 6, To ensure jobs for our future with secure, affordable, and reliable energy; which was ordered to lie on the table; as follows:

Beginning on page 1, line 1, strike ''On page'' and all that follows through page 15, line 24, and insert the following:

On page 56, between lines 17 and 18, insert the following:

**SEC. 325. OUTER CONTINENTAL SHELF.**

Sections 107, 108, and 109 of division E of the Consolidated Appropriations Act, 2005 (Public Law 108–447; 118 Stat. 3063) are amended by striking ''provided in this title'' each place appears and inserting ''made available under this Act or any other Act for any fiscal year''.

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**SA 958.** Mr. LIEBERMAN submitted an amendment intended to be proposed by him to the bill H.R. 6, to ensure jobs for our future with secure, affordable, and reliable energy; which was ordered to lie on the table; as follows:

Beginning on page 120, strike line 21 and all that follows through page 122, line 14, and insert the following:

**Subtitle D—Oil Security**

**SEC. 151. SHORT TITLE; FINDINGS AND PURPOSES.**

(a) SHORT TITLE.—This subtitle may be cited as the ''Oil Security Act''.

(b) FINDINGS.—Congress finds that—

(1) the United States is dangerously dependent on oil;

(2) that dependence threatens the national security, weakens the economy, and harms the environment of the United States;

(3) the United States currently imports nearly 60 percent of oil needed in the United

States, and that ratio is expected to grow to almost 70 percent by 2025 if no actions are taken;

(4) approximately 2,500,000 barrels of oil per day are imported from countries in the Persian Gulf region;

(5) that dependence on foreign oil undermines the war on terror by financing both sides of the war;

(6) in 2004 alone, the United States sent $103,000,000,000 to undemocratic countries, some of which use revenues to support terrorism and spread ideology hostile to the United States, as documented by the Council on Foreign Relations;

(7) terrorists have identified oil as a strategic vulnerability and have ramped up attacks against oil infrastructure worldwide;

(8) oil imports comprise more than 25 percent of the dangerously high United States trade deficit;

(9) it is feasible to achieve oil savings of more than 2,500,000 barrels per day by 2015 and 10,000,000 barrels per day by 2025;

(10) those goals can be achieved by establishing a set of flexible policies, including—

(A) increasing the gasoline-efficiency of cars, trucks, tires, and oil;

(B) providing economic incentives for companies and consumers to purchase fuel-efficient cars;

(C) encouraging the use of transit and the reduction of truck idling; and

(D) increasing production and commercialization of alternative liquid fuels;

(11) technology available as of the date of enactment of this Act (including popular hybrid-electric vehicle models, the sales of which in the United States increased 136 percent in the first 4 months of 2005 as compared with the same period in 2004) make an oil savings plan eminently achievable; and

(12) it is urgent, essential, and feasible to implement an action plan to achieve oil savings as soon as practicable because any delay in initiating action will—

(A) make achieving necessary oil savings more difficult and expensive; and

(B) increase the risks to the national security, economy, and environment of the United States.

(c) PURPOSES.—The purposes of this subtitle are—

(1) to help instill consumer confidence and acceptable of alternative motor vehicles by lowering the 3 major barriers to confidence and acceptance;

(2) to enable the accelerated introduction into the marketplace of new motor vehicle technologies without adverse emission impact, while retaining a policy of fuel neutrality in order to foster private innovation and commercialization and allow market forces to decide the technologies and fuels that are consumer-friendly, safe, environmentally-sound, and economic;

(3) to provide, for a limited time period, financial incentives to encourage consumers nationwide to purchase or lease new fuel cell, hybrid, battery electric, and alternative fuel motor vehicles;

(4) to increase demand of vehicles described in paragraph (3) so as to make the annual production by manufacturers and retail sale of the vehicles economically and commercially viable for the consumer;

(5) to promote and expand the use of vehicles described in paragraph (3) throughout the United States; and

(6) to promote a nationwide diversity of motor vehicle fuels for advanced and hybrid technology and alternatively fueled motor vehicles.

**SEC. 152. MANUFACTURING INCENTIVES FOR ALTERNATIVE FUEL VEHICLES.**

(a) ADVANCED TECHNOLOGY MOTOR VEHICLES MANUFACTURING CREDIT.—

(1) IN GENERAL.—Subpart B of part IV of subchapter A of chapter 1 (relating to foreign tax credit, etc.), as amended by this Act, is amended by adding at the end the following new section:

**"SEC. 30D. ADVANCED TECHNOLOGY MOTOR VEHICLES MANUFACTURING CREDIT.**

''(a) CREDIT ALLOWED.—

''(1) IN GENERAL.—There shall be allowed as a credit against the tax imposed by this chapter for the taxable year an amount equal to 33 percent of the qualified investment of an eligible taxpayer for such taxable year.

''(2) LIMITATION.—The credit allowed under subsection (a) for any taxable year shall not exceed $200,000,000.

''(b) ELIGIBLE TAXPAYER.—For purposes of this section, the term 'eligible taxpayer' means any taxpayer if more than 25 percent of its gross receipts for the taxable year is derived from the manufacture of motor vehicles or any component parts of such vehicles.

''(c) QUALIFIED INVESTMENT.—For purposes of this section—

''(1) IN GENERAL.—The qualified investment for any taxable year is equal to the incremental costs incurred during such taxable year—

''(A) to re-equip or expand a manufacturing facility of the eligible taxpayer to produce advanced technology motor vehicles or to produce eligible components, and

''(B) for engineering integration of such vehicles and components as described in subsection (e).

''(2) ATTRIBUTION RULES.—In the event a facility of the taxpayer produces both advanced technology motor vehicles and conventional motor vehicles, or eligible and non-eligible components, only the qualified investment attributable to production of advanced technology motor vehicles and eligible components shall be taken into account.

''(3) SUSTAINED IMPROVEMENT.—

''(A) DEFINITIONS.—For purposes of this paragraph—

''(i) ADJUSTED FUEL ECONOMY.—

''(I) IN GENERAL.—The term 'adjusted fuel economy' means the average fuel economy of a manufacturer for all light duty motor vehicles, adjusted as described in subclause (II).

''(II) ADJUSTMENT.—The fuel economy of each vehicle qualifying for the credit shall be deemed to be equal to the base year average fuel economy for the weight class of the vehicle.

''(ii) BASE YEAR.—The term 'base year' means model year 2002.

''(B) ELIGIBILITY.—For an automobile manufacturer to be eligible for an award under this subsection in a year, the adjusted average fuel economy of the manufacturer for light duty vehicles for the most recent year for which data is available may not be less than the base year average fuel economy of the manufacturer for all of the light duty motor vehicles of the manufacturer.

''(d) ADVANCED TECHNOLOGY MOTOR VEHICLES AND ELIGIBLE COMPONENTS.—For purposes of this section—

''(1) ADVANCED TECHNOLOGY MOTOR VEHICLE.—The term 'advanced technology motor vehicle' means—

''(A) any advanced lean burn technology motor vehicle, or

''(B) any new qualified hybrid motor vehicle as defined in section 30B(c)(3) (other than a heavy duty hybrid motor vehicle), eligible for a credit amount under section 30B(c)(2)(B),

which is in compliance with any Environmental Protection Agency emission standard for fine particulate matter for the applicable make and model year of the vehicle.

''(2) ADVANCED LEAN BURN TECHNOLOGY MOTOR VEHICLE.—The term 'advanced lean burn technology motor vehicle' means a motor vehicle with an internal combustion engine—

''(A) which is designed to operate primarily using more air than is necessary for complete combustion of the fuel,

''(B) which incorporates direct injection,

''(C) which achieves at least 125 percent of the 2002 model year city fuel economy, and

''(D) which, for 2004 and later model vehicles, has received a certificate that such vehicle meets or exceeds—

''(i) in the case of any vehicle having a gross vehicle weight rating of not more than 6,000 pounds, the Bin 5 Tier II emission standard established in regulations prescribed by the Administrator of the Environmental Protection Agency under section 202(i) of the Clean Air Act for that make and model year vehicle, and

''(ii) in the case of any vehicle having a gross vehicle weight rating of more than 6,000 pounds but not more than 8,500 pounds, the Bin 8 Tier II emission standard as so established.

''(3) ELIGIBLE COMPONENTS.—The term 'eligible component' means any component specially designed for any advanced technology motor vehicle and installed for the purpose of meeting the performance requirements for such vehicle, including—

''(A) with respect to any gasoline-electric new qualified hybrid motor vehicle—

''(i) electric motor or generator,

''(ii) power split device,

''(iii) power control unit,

''(iv) power controls,

''(v) integrated starter generator, or

''(vi) battery,

''(B) with respect to any advanced lean burn technology motor vehicle—

''(i) diesel engine,

''(ii) turbocharger,

''(iii) fuel injection system, or

''(iv) after-treatment system, such as a particle filter or $NO_x$ absorber, and

''(C) any other component submitted for approval by the Secretary.

''(e) ENGINEERING INTEGRATION COSTS.—For purposes of subsection (c)(1)(B), costs for engineering integration are costs incurred prior to the market introduction of advanced technology vehicles for engineering tasks related to—

''(1) incorporating eligible components into the design of advanced technology vehicles, and

''(2) designing new tooling and equipment for production facilities which produce eligible components or advanced technology vehicles.

''(f) LIMITATION BASED ON AMOUNT OF TAX.—The credit allowed under subsection (a) for the taxable year shall not exceed the excess of—

''(1) the sum of—

''(A) the regular tax liability (as defined in section 26(b)) for such taxable year, plus

''(B) the tax imposed by section 55 for such taxable year, over

''(2) the sum of the credits allowable under subpart A and sections 27, 30, 30B, and 30C for the taxable year.

''(g) REDUCTION IN BASIS.—For purposes of this subtitle, if a credit is allowed under this section for any expenditure with respect to any property, the increase in the basis of such property which would (but for this paragraph) result from such expenditure shall be reduced by the amount of the credit so allowed.

''(h) NO DOUBLE BENEFIT.—The amount of any deduction or other credit allowable under this chapter for any cost taken into account in determining the amount of the credit under subsection (a) shall be reduced by the amount of such credit attributable to such cost.

''(i) BUSINESS CARRYOVERS ALLOWED.—If the credit allowable under subsection (a) for a taxable year exceeds the limitation under subsection (f) for such taxable year, such excess (to the extent of the credit allowable with respect to property subject to the allowance for depreciation) shall be allowed as a credit carryback and carryforward under rules similar to the rules of section 39.

''(j) SPECIAL RULES.—For purposes of this section, rules similar to the rules of paragraphs (4) and (5) of section 179A(e) and paragraphs (1) and (2) of section 41(f) shall apply

''(k) ELECTION NOT TO TAKE CREDIT.—No credit shall be allowed under subsection (a) for any property if the taxpayer elects not to have this section apply to such property.

''(l) REGULATIONS.—The Secretary shall prescribe such regulations as necessary to carry out the provisions of this section.

''(m) TERMINATION.—This section shall not apply to any qualified investment after December 31, 2015.''.

(2) CONFORMING AMENDMENTS.—

(A) Section 1016(a), as amended by this Act, is amended by striking ''and'' at the end of paragraph (32), by striking the period at the end of paragraph (33) and inserting '', and'', and by adding at the end the following new paragraph:

''(34) to the extent provided in section 30D(g).''.

(B) Section 6501(m), as amended by this Act, is amended by inserting ''30D(k),'' after ''30C(j),''.

(C) The table of sections for subpart B of part IV of subchapter A of chapter 1, as amended by this Act, is amended by inserting after the item relating to section 30C the following new item:

''Sec. 30D. Advanced technology motor vehicles manufacturing credit.''.

(3) EFFECTIVE DATE.—The amendments made by this subsection shall apply to amounts incurred in taxable years beginning after December 31, 2004.

(b) FUEL ECONOMY CALCULATIONS.—

(1) IN GENERAL.—Section 32905 of title 49, United States Code, is amended—

(A) in subsections (b) and (d),

(i) by amending paragraph (1) of each subsection to read as follows:

''(1) the number determined by—

''(A) subtracting from 1.0 the alternative fuel use factor for the model; and

''(B) dividing the difference calculated under subparagraph (A) by the fuel economy measured under section 32904(c) when operating the model on gasoline or diesel fuel; and''; and

(ii) by amending paragraph (2) of each subsection to read as follows:

''(2) the number determined by dividing the alternative fuel use factor for the model by the fuel economy measured under subsection (a) when operating the model on alternative fuel.''; and

(B) by adding at the end the following:

''(h) DETERMINATION OF ALTERNATIVE FUEL USE FACTOR.—

''(1) For purposes of subsections (b) and (d), the term 'alternative fuel use factor' means, for a model of automobile, the factor determined by the Administrator under paragraph (3).

''(2) At the beginning of each calendar year, the Secretary of Transportation shall estimate, by model, the aggregate amount of fuel and the aggregate amount of alternative fuel used to operate all dual fuel automobiles during the most recent 12-month period.

''(3) The Administrator shall determine, by regulation, the alternative fuel use factor for each model of dual fueled automobile, on an energy equivalent basis, by calculating the ratio that the amount of alternative fuel used by such model bears to the amount of fuel used by such model.''.

(2) APPLICABILITY OF EXISTING STANDARDS.—The amendments made by this subsection shall not affect the application of section 32901 of title 49, United States Code, to automobiles manufactured before model year 2007.

(3) EFFECTIVE DATE.—The amendments made by this subsection shall take effect on January 1, 2007.

**SEC. 153. CELLULOSE BIOMASS-TO-FUEL EARLY DEPLOYMENT AND COMMERCIALIZATION INITIATIVES.**

(a) GENERAL REQUIREMENTS.—

(1) DEFINITIONS.—In this section:

(A) CELLULOSE BIOMASS-TO-FUEL.—The term ''cellulose biomass-to-fuel'' means any fuel that is produced from at least 80 percent cellulosic biomass.

(B) COMMERCIAL-SCALE PLANT.—The term ''commercial-scale plant'' means a plant that—

(i) has a production capacity of greater than 7,000,000 gallons per year of cellulose biomass-to-fuel and related products, as measured by energy content; and

(ii) uses technology that has been successfully tested in a pilot or demonstration project that produced at least 1,000,000 gallons per year of cellulose biomass-to-fuel and related products, as measured by energy content.

(C) COMMITTEE.—The term ''Committee'' means the Cellulosic Biomass-to-Fuel Review Committee established under paragraph (4).

(D) PRE-COMMERCIAL SCALE PLANT.—The term ''pre-commercial scale plant'' means—

(i) a plant that has a production capacity of less than 7,000,000 gallons per year of cellulose biomass-to-fuel and related products, as measured by energy content; or

(ii) an existing industrial facility—

(I) that adds equipment to conduct research, development, or demonstration to overcome the recalcitrance of biomass, feedstock development, or co-products development; and

(II) at which the addition of the equipment increases the production capacity of the facility by less than 7,000,000 gallons per year of cellulose biomass-to-fuel and related products, as measured by energy content.

(E) PRODUCTION CAPACITY.—For purposes of this section, the production capacity of a plant shall be measured—

(i) assuming maximum potential output, 24 hours a day, 365 days per year; and

(ii) in terms of gallons of ethanol equivalent, with other fuels converted to this unit of measurement, based on the energy content of the fuels.

(2) PURPOSE.—The purpose of this section is to—

(A) accelerate deployment and commercialization of cellulosic biomass to fuel;

(B) reduce the oil dependence of the United States; and

(C) enhance the ability of the United States to produce alternative fuels.

(3) ESTABLISHMENT.—The Secretary, in consultation with the Secretary of the Treasury, shall establish a cellulose biomass-to-fuels incentives program under subsection (b).

(4) CELLULOSE BIOMASS-TO-FUEL REVIEW COMMITTEE.—The Secretary shall request that the National Academy of Science establish an independent Cellulose Biomass-to-Fuel Review Committee, of which at least ½ of the members shall be experts external to the Department of Agriculture and the Department of Energy.

(5) SOLICITATION PROCESS.—

(A) IN GENERAL.—The Secretary, in consultation with the Committee, shall establish an open and competitive solicitation process to select projects for participation in the cellulose biomass-to-fuel early deployment and commercialization initiative.

(B) ELIGIBILITY DETERMINATIONS.—Eligibility determinations shall be established based on expert peer review of the proposals by the Committee.

(C) CONSISTENCY.—The solicitation shall be consistent from year to year.

(D) REQUIREMENTS.—At a minimum, eligible plants shall—

(i) be located in the United States;

(ii) meet all applicable Federal and State permitting requirements; and

(iii) convert cellulose biomass to fuel.

(E) FINANCIAL CRITERIA.—The Secretary may establish such additional financial criteria as the Secretary considers to be appropriate.

(F) PRIORITIZATION.—In selecting projects, the Committee shall prioritize the following goals in the following order:

(i) Projects demonstrating the potential for significant advances in biomass processing.

(ii) Projects demonstrating the potential to substantially further scale-sensitive national objectives, including—

(I) sustainable resource supply;

(II) reduced greenhouse gas emissions;

(III) healthier rural economies; and

(IV) improved strategic security and trade balances.

(iii) Projects located in local markets that have the greatest need for the facility because of—

(I) a high level of demand for fuel ethanol or other commercial byproducts of the facility; or

(II) availability of sufficient quantities of cellulosic biomass.

(6) REPORTING.—Not later than 180 days after the date of enactment of this Act, the Secretary, in consultation with the Committee, shall submit to Congress a report that includes a 10-year plan containing—

(A) a detailed assessment of whether the aggregate funding levels provided under subsection (b) are appropriate;

(B) a detailed description of how proposals will be solicited and evaluated, including a list of all activities expected to be carried out; and

(C) a detailed list of milestones for each biomass and related technology that will be pursued.

(7) PERIODIC UPDATES.—Until all incentives committed under subsection (b) have been used, the Secretary, in conjunction with the Secretary of the Treasury, shall annually submit to Congress a report on the activities of the Secretary and the Secretary of the Treasury under this section.

(b) CELLULOSIC BIOMASS FUELS INCENTIVE PROGRAM.—

(1) IN GENERAL.—

(A) ESTABLISHMENT OF PROGRAM.—The Secretary, in consultation with the Secretary of the Treasury, shall establish a program for providing incentives to commercial scale cellulose biomass-to-fuels producers.

(B) IN GENERAL.—The Secretary may provide loan guarantees and performance incentives to merchant producers of cellulose biomass-to-fuel in the United States to assist the producers—

(i) to build eligible commercial-ready production facilities; and

(ii) to produce cellulose biomass-to-fuel in accordance with paragraphs (2), (3), and (4).

(C) TOTAL VALUE OF INCENTIVES.—

(i) IN GENERAL.—Except as provided in clause (ii), cellulose biomass-to-fuel facilities selected by the Secretary may receive all of the incentives offered under this subsection.

(ii) TOTAL VALUE.—The total value to the facility of all incentives offered under this

subsection shall not exceed the values presented in the following table, in which the ''Facility on line'' dates are expressed in years from the date of enactment of this Act.

| Facility on line: | Total Value of Incentives Over the Life of a Facility: The lesser of: | | |
|---|---|---|---|
| | Per million gallons capacity | Percent of total capital cost | Total dollar amount |
| Year 4 | $4,600,000 | 46% | $80,000,000 |
| Year 6 | $3,500,000 | 35% | $60,000,000 |
| Year 10 | $1,500,000 | 15% | $25,000,000 |

(D) AUTHORIZATION OF APPROPRIATIONS.—There are authorized to be appropriated to the Secretary such sums as are necessary to carry out this subsection.

(E) TERMINATION OF AUTHORITY.—The authority of the Secretary and the Secretary of the Treasury to commit to new incentives under paragraphs (2), (3), and (4) shall terminate on the date that is 10 years after the date of enactment of this Act.

(2) CELLULOSIC BIOMASS FUEL LOAN GUARANTEES.—

(A) ESTABLISHMENT OF PROGRAM.—The Secretary shall establish a program to provide guarantees of loans by private institutions for the construction of facilities to process and convert cellulosic biomass into fuel and other commercial byproducts.

(B) LIMITATION.—The total amount of all loans guaranteed under this paragraph shall not exceed $2,000,000,000 at any time during the program.

(C) REQUIREMENTS.—The Secretary may provide a loan guarantee under this paragraph to an applicant if—

(i) the prospective earning power of the applicant and the character and value of the security pledged provide a reasonable assurance of repayment of the loan to be guaranteed in accordance with the terms of the loan; and

(ii) the loan bears interest at a rate determined by the Secretary to be reasonable, taking into account—

(I) the current average yield on outstanding obligations of the United States with remaining periods of maturity comparable to the loan; and

(II) the risk profile of the loan.

(D) TERMS AND CONDITIONS.—The loan agreement for a loan guarantee under this paragraph shall provide that—

(i) no provision of the loan agreement may be amended or waived without the consent of the Secretary;

(ii) the loan guarantee shall have a maturity of not more than 20 years; and

(iii) the recipient of a loan guarantee under this paragraph shall pay the Secretary an amount determined by the Secretary to be sufficient to cover the administrative costs of the Secretary relating to the loan guarantee.

(E) ELIGIBILITY AND LIMITATIONS.—

(i) IN GENERAL.—In addition to the overall limitation established under paragraph (1)(C)(ii), the maximum loan guarantee that any project that is begun not later than 4 years after the date of establishment of the program under this paragraph may receive shall be the lesser of—

(I) $5,600,000 per million gallons of capacity;

(II) 80 percent of the total project debt; or

(III) $100,000,000 per facility.

(ii) SCHEDULE.—The Secretary shall establish a schedule of limitations that decrease throughout the period that begins on the date that is 4 year after the date of establishment of the program under this paragraph and ends on the date that is 10 years after the date of establishment of the program.

(F) FULL FAITH AND CREDIT.—

(i) IN GENERAL.—The full faith and credit of the United States is pledged to the payment of all guarantees issued under this paragraph with respect to principal and interest.

(ii) CONCLUSIVE EVIDENCE.—Any guarantee made by the Secretary under this paragraph shall be conclusive evidence of the eligibility of the loan for the guarantee with respect to principal and interest.

(iii) INCONTESTABLE VALIDITY.—The validity of the guarantee shall be incontestable in the hands of a holder of the guaranteed loan.

(G) ALLOWED USES OF FUNDS.—In the event of a performance shortfall, the loan guarantee funds may be used to either pay senior debt or make fixes to increase output or efficiency.

(3) CELLULOSIC BIOMASS FUEL TAX-EXEMPT FINANCING.—

(A) ESTABLISHMENT OF PROGRAM.—

(i) IN GENERAL.—The Secretary of the Treasury, in coordination with the Secretary, shall establish a tax-exempt financing program specifically for commercial scale cellulose biomass-to-fuel projects.

(ii) PURPOSE.—The program established under clause (i) shall provide tax-exempt financing to construct facilities to process and convert cellulosic biomass into fuel and other commercial byproducts.

(B) TAX CODE AMENDMENTS.—

(i) TREATMENT AS EXEMPT FACILITY BOND.—Subsection (a) of section 142 of the Internal Revenue Code of 1986 (relating to exempt facility bond) is amended by striking ''or'' at the end of paragraph (13), by striking the period at the end of paragraph (14) and inserting '', or'', and by adding at the end the following:

''(15) qualified cellulose biomass-to-fuel facilities.''.

(ii) QUALIFIED CELLULOSE BIOMASS-TO-FUEL FACILITIES.—Section 142 of such Code is amended by adding at the end the following:

''(m) QUALIFIED CELLULOSE BIOMASS-TO-FUEL FACILITIES.—

''(1) IN GENERAL.—For purposes of subsection (a)(15), the term 'qualified cellulose biomass-to-fuel facilities' means any cellulose biomass-to-fuel project approved by the Secretary of Energy, in consultation with the Secretary, under section 1512 of the Energy Policy Act of 2005.

''(2) NATIONAL LIMITATION ON AMOUNT OF TAX-EXEMPT FINANCING FOR FACILITIES.—

''(A) NATIONAL LIMITATION.—There is a national cellulose biomass-to-fuel facilities bond limitation for each calendar year equal to such amount which when added to other incentives offered under section 1512 of such Act to qualified cellulose biomass-to-fuel facilities for such calendar year does not exceed the total value of all such incentives available to all such facilities under section 112(b)(1)(C) of such Act for such calendar year.

''(B) ENFORCEMENT OF NATIONAL LIMITATION.—An issue shall not be treated as an issue described in subsection (a)(15) if the aggregate face amount of bonds issued for any calendar year (when added to the aggregate face amount of bonds previously issued as part of issues described in subsection (a)(15) for such calendar year) exceeds the national cellulose biomass-to-fuel facilities bond limitation for such calendar year.

''(C) ALLOCATION BY SECRETARY OF ENERGY.—The Secretary of Energy, in consultation with the Secretary, shall allocate the amount described in subparagraph (A) among cellulose biomass-to-fuel projects in such manner as the Secretary determines appropriate.''.

(iii) EFFECTIVE DATE.—The amendments made by this subparagraph apply to bonds issued after the date of the enactment of this Act.

(4) CELLULOSIC BIOMASS FUELS PERFORMANCE INCENTIVES PROGRAM.—

(A) ESTABLISHMENT OF PROGRAM.—The Secretary shall establish a program to make available to commercial scale cellulose biomass-to-fuel producers performance incentives on a per gallon basis of cellulose biomass-to-fuel from eligible facilities.

(B) INCENTIVES.—

(i) IN GENERAL.—The program established under subparagraph (A) shall consist of 2 phases.

(ii) FIRST PHASE.—

(I) IN GENERAL.—During the period that begins on the date of establishment of the program under this paragraph and ends on the date that is 6 years after the date of establishment of the program, performance payments shall be available to all projects participating in the program, subject to the limits established in paragraph (1)(C)(ii).

(II) PAYMENTS.—During the period described in subclause (I), payments shall be made per gallon produced and sold by the facility during the first 6 years of operation.

(iii) SECOND PHASE.—

(I) IN GENERAL.—During the period that begins on the date that is 7 years after the date of establishment of the program under this paragraph and ends on the date that is 10 years after the date of establishment of the program, performance incentives shall be made available through not less than 2 reverse auctions as described in subclauses (II) through (V).

(II) AMOUNT OF FUNDS.—The Secretary, in coordination with the Secretary of the Treasury, shall establish the amount of funds available for use as performance payments after taking into account other existing and expected liabilities under this subsection.

(III) DESIRED AMOUNT.—For each reverse auction conducted under this clause, each eligible facility shall request a desired amount of performance incentive on a per gallon basis.

(IV) SELECTION OF FACILITIES.—The Secretary shall select facilities beginning with the facility that requests the lowest amount of performance incentive on a per gallon basis and continuing until the funds available under subclause (II) for the reverse auction are committed.

(V) INCENTIVES RECEIVED.—A facility selected by the Secretary shall receive the amount of performance incentive requested by the facility in the auction for each gallon produced and sold by the facility during the first 6 years of operation.

(C) LIMITATIONS.—

(i) IN GENERAL.—In addition to the overall limitation established in paragraph (1)(C)(ii), the value of incentives paid under this subsection for projects that are begun not later than 4 years after the date of establishment of the program under this paragraph shall be limited to the lesser of—

(I) $0.75 per gallon;

(II) $4,000,000 per million gallons of capacity; or

(III) 40 percent of the total capacity cost of the project.

(ii) SCHEDULE.—The Secretary shall establish a schedule of limitations that decrease throughout the period that begins on the date that is 4 year after the date of establishment of the program under this paragraph and ends on the date that is 10 years after the date of establishment of the program.

**SEC. 154. NEAR-TERM VEHICLE TECHNOLOGY PROGRAM.**

(a) PURPOSES.—The purposes of this section are—

(1) to enable and promote comprehensive development, demonstration, and commercialization of a wide range of electric drive components, systems, and vehicles—

(A) in partnership with industry; and

(B) for a wide range of electric drive components, systems, and vehicles in a wide range of applications using diverse electric drive transportation technologies;

(2) to make critical public investments in building strong links to private industry, institutions of higher education, National Laboratories, and research institutions to expand innovation, industrial growth, and jobs in the United States;

(3) to take greater advantage of the existing electric infrastructure for transportation and other on-road and non-road mobile sources of emissions—

(A) that are reported to be over 3,000,000 units today, including electric forklifts, golf carts, and similar non-road vehicles; and

(B) because existing and emerging technologies that connect to the grid greatly enhance the energy security of the United States, reduce dependence on imported oil, and reduce emissions;

(4) to more quickly advance the widespread commercialization of all types of hybrid electric vehicle technology into all sizes and applications of vehicles leading to commercialization of plug-in hybrid electric vehicles, plug-in hybrid fuel cell vehicles, and eventually to fuel cell vehicles and use of batteries and electric vehicles to provide services back to the grid; and

(5) to improve the energy efficiency of and reduce the petroleum use of transportation.

(b) DEFINITIONS.—In this section:

(1) BATTERY.—The term ''battery'' means an energy story device used in an on-road or non-road vehicle powered in whole or in part using an off-board or on-board source of electricity.

(2) ELECTRIC DRIVE TRANSPORTATION TECHNOLOGY.—The term ''electric drive transportation technology'' means—

(A) on-road or non-road vehicles that use an electric motor for all or part of their motive power and that may or may not use off-board electricity, including battery electric vehicles, fuel cell vehicles, engine dominant hybrid electric vehicles, plug-in hybrid electric vehicles, plug-in hybrid fuel cell vehicles, and electric rail; or

(B) equipment related to transportation or mobile sources of air pollution that use an electric motor to replace an internal combustion engine for all or part of the work of the equipment, including corded electric equipment linked to transportation or mobile sources of air pollution.

(3) ENGINE DOMINANT HYBRID ELECTRIC VEHICLE.—The term ''engine dominant hybrid electric vehicle'' means an on-road or non-road vehicle propelled by an internal combustion engine or heat engine using—

(A) any combustible fuel;

(B) an on-board, rechargeable storage device; and

(C) no means of using an off-board source of electricity.

(4) FUEL CELL VEHICLE.—The term ''fuel cell vehicle'' means an on-road or non-road vehicle that uses a fuel cell (as defined in section 3 of the Spark M. Matsunaga Hydrogen Research, Development, and Demonstration Act of 1990).

(5) ON-ROAD OR NON-ROAD VEHICLE.—The term ''on-road or non-road vehicle'' means—

(A) a light-duty, medium-duty, or heavy-duty motor vehicle; or

(B) a vehicle or propelled piece of equipment that is primarily intended for use on private or public property other than publicly-owned highways, freeways, streets, and roads.

(6) PLUG-IN HYBRID ELECTRIC VEHICLE.—The term ''plug-in hybrid electric vehicle'' means an on-road or non-road vehicle that is propelled by an internal combustion engine or heat engine using—

(A) any combustible fuel;

(B) an on-board, rechargeable storage device; and

(C) a means of using an off-board source of electricity.

(7) PLUG-IN HYBRID FUEL CELL VEHICLE.—The term ''plug-in hybrid fuel cell vehicle'' means a fuel cell vehicle that also can use a battery supplied by an off-board source of electricity.

(c) PROGRAM.—The Secretary shall conduct a program of research, development, demonstration, and commercial application for electric drive transportation technology, including—

(1) high capacity, high efficiency lithium and nickel metal hybrid batteries for plug-in hybrid electric vehicles and plug-in hybrid fuel cell vehicles;

(2) high efficiency on-board and off-board charging components;

(3) high power drive train systems for passenger and commercial vehicles and for non-road equipment;

(4) control system development and power train development and integration for plug-in hybrid electric vehicles, plug-in hybrid fuel cell vehicles, and engine dominant hybrid electric vehicles, including—

(A) development of efficient cooling systems;

(B) analysis and development of control systems that minimize the emissions profile when clean diesel engines are part of a plug-in hybrid drive system; and

(C) development of different control systems that optimize for different goals, including—

(i) battery life;

(ii) reduction of petroleum consumption;

(iii) green house gas reduction; and

(iv) understanding consumer preference for many different control systems will assist or deter widespread applications of the vehicles;

(5) nanomaterial technology applied to both battery and fuel cell systems;

(6) large-scale demonstrations, testing, and evaluation of plug-in hybrid electric vehicles in different applications with different batteries and control systems, including—

(A) military applications;

(B) paratransit applications;

(C) mass market passenger and light-duty truck applications;

(D) private fleet applications; and

(E) medium- and heavy-duty applications;

(7) a nationwide education strategy for electric drive transportation technologies providing secondary and high school teaching materials and support for university education focused on electric drive system and component engineering;

(8) introduction strategies for plug-in hybrid electric vehicles and plug-in hybrid fuel cell vehicles, including—

(A) examining how best to link the technology to low carbon or renewable energy;

(B) an improved understanding of potential markets, driving patterns, charging behavior, and consumer acceptance and benefits; and

(C) working with the Administrator of the Environmental Protection Agency to develop procedures for testing and certification of criteria pollutants, fuel economy, and petroleum use for light-, medium- and heavy-duty vehicle applications, including considering—

(i) the vehicle and fuel as a system, not just an engine; and

(ii) nightly off-board charging; and

(9) advancement of battery and corded electric transportation technologies in mobile source applications by—

(A) improvement in battery, drive train, and control system technologies; and

(B) working with industry and the Administrator of the Environmental Protection Agency to—

(i) understand and inventory markets; and

(ii) identify and implement methods of removing barriers for existing and emerging applications.

(d) GOALS.—The goals of the electric drive transportation technology program established under subsection (c) shall be to develop, in partnership with industry and institutions of higher education, projects that focus on—

(1) innovative electric drive technology developed in the United States;

(2) growth of job opportunities for electric drive design and manufacturing;

(3) validation of the plug-in hybrid potential through fleet demonstrations; and

(4) enabling the fuel cell revolution by establishing a mature electric drive technology system that is an integral part of the fuel cell vehicle system.

(e) AUTHORIZATION OF APPROPRIATIONS.—There are authorized to be appropriated such sums as are necessary to carry out this section.

**SEC. 155. TIRE EFFICIENCY PROGRAM.**

(a) STANDARDS FOR TIRES MANUFACTURED FOR INTERSTATE COMMERCE.—Section 30123 of title 49, United States Code, is amended—

(1) in subsection (b)—

(A) in the first sentence, by striking ''The Secretary'' and inserting the following:

''(1) UNIFORM QUALITY GRADING SYSTEM.—

''(A) IN GENERAL.—The Secretary'';

(B) in the second sentence, by striking ''The Secretary'' and inserting the following:

''(2) NOMENCLATURE AND MARKETING PRACTICES.—The Secretary'';

(C) in the third sentence, by striking ''A tire standard'' and inserting the following:

''(3) EFFECT OF STANDARDS AND REGULATIONS.—A tire standard''; and

(D) in paragraph (1), as designated by subparagraph (A), by adding at the end the following:

''(B) INCLUSION.—The grading system shall include standards for rating the fuel efficiency of tires designed for use on passenger cars and light trucks.''; and

(2) by adding at the end the following:

''(d) NATIONAL TIRE EFFICIENCY PROGRAM.—

''(1) DEFINITION.—In this subsection, the term 'fuel economy', with respect to a tire, means the extent to which the tire contributes to the fuel economy of the motor vehicle on which the tire is mounted.

''(2) PROGRAM.—The Secretary shall develop and carry out a national tire fuel efficiency program for tires designed for use on passenger cars and light trucks.

''(3) REQUIREMENTS.—Not later than March 31, 2008, the Secretary shall implement—

''(A) policies and procedures for testing and labeling tires for fuel economy to enable tire buyers to make informed purchasing decisions about the fuel economy of tires;

''(B) policies and procedures to promote the purchase of energy-efficient replacement tires, including purchase incentives, website listings on the Internet, printed fuel economy guide booklets, and mandatory requirements for tire retailers to provide tire buyers with fuel-efficiency information on tires; and

''(C) minimum fuel economy standards for tires, promulgated by the Secretary.

''(4) MINIMUM FUEL ECONOMY STANDARDS.—In promulgating minimum fuel economy standards for tires, the Secretary shall design standards that—

''(A) ensure that the average fuel economy of replacement tires is equal to or better than the average fuel economy of tires sold as original equipment;

''(B) secure the maximum technically feasible and cost-effective fuel savings;

''(C) do not adversely affect tire safety;

''(D) incorporate the results from—

''(i) laboratory testing; and

''(ii) to the extent appropriate and available, on-road fleet testing programs conducted by manufacturers; and

''(E) do not adversely affect efforts to manage scrap tires.

''(5) APPLICABILITY.—The policies, procedures, and standards developed under paragraph (3) shall apply to all tire types and models regulated under the uniform tire quality grading standards in section 575.104 of title 49, Code of Federal Regulations (or a successor regulation).

''(6) REVIEW.—

''(A) IN GENERAL.—Not less than once every 3 years, the Secretary shall—

''(i) review the minimum fuel economy standards in effect for tires under this subsection; and

''(ii) subject to subparagraph (B), revise the standards as necessary to ensure compliance with standards under paragraph (4).

''(B) LIMITATION.—The Secretary may not reduce the average fuel economy standards applicable to replacement tires.

''(7) NO PREEMPTION OF STATE LAW.—Nothing in this section preempts any provision of State law relating to higher fuel economy standards applicable to replacement tires designed for use on passenger cars and light trucks.

''(8) EXCEPTIONS.—Nothing in this section shall apply to—

''(A) a tire or group of tires with the same SKU, plant, and year, for which the volume of tires produced or imported is less than 15,000 annually;

''(B) a deep tread, winter-type snow tire, space-saver tire, or temporary use spare tire;

''(C) a tire with a normal rim diameter of 12 inches or less;

''(D) a motorcycle tire; or

''(E) a tire manufactured specifically for use in an off-road motorized recreational vehicle.''.

(b) CONFORMING AMENDMENT.—Section 30103(b)(1) of title 49, United States Code, is amended by striking ''When'' and inserting ''Except as provided in section 30123(d), when''.

(c) TIME FOR IMPLEMENTATION.—Beginning not later than March 31, 2008, the Secretary of Transportation shall administer the national tire fuel efficiency program established under section 30123(d) of title 49, United States Code, in accordance with the policies, procedures, and standards developed under section 30123(d)(2) of such title.

**SEC. 156. HEAVY TRUCK IDLING REDUCTION.**

(a) DEFINITIONS.—In this section:

(1) HEAVY-DUTY MOTOR VEHICLE.—The term ''heavy-duty motor vehicle'' means a vehicle of greater than 10,000 pounds gross vehicle weight that is driven or drawn by mechanical power and manufactured primarily for use on public streets, roads, and highways, but does not include a vehicle operated only on a rail line.

(2) IDLING REDUCTION SYSTEM.—The term ''idling reduction system'' means a device or system of devices used to reduce long duration idling of a main drive engine in a vehicle.

(3) LONG DURATION IDLING.—The term ''long duration idling'' means the operation of a main drive engine of a heavy-duty motor vehicle for a period of more than 5 consecutive minutes when the main drive engine is not engaged in gear, except that such term does not include idling as a result of traffic congestion or other impediments to the movement of a heavy-duty motor vehicle.

(b) REGULATIONS.—Not later than 1 year after the date of enactment of this Act, the Administrator of the Environmental Protection Agency shall, in consultation with the Secretary of Transportation, prescribe regulations that ensure the maximum feasible and cost effective reductions in fuel consumption during long duration idling of heavy-duty motor vehicles. The Administrator shall review the regulations not less frequently than every 3 years and revise the regulations as necessary to ensure the regulations reflect the maximum feasible and cost effective reductions in fuel consumption during long duration idling.

(c) AIR QUALITY.—Not later than 1 year after the date of enactment of this Act, the Administrator of the Environmental Protection Agency shall prescribe regulations that prevent degradation in air quality resulting from the use of idling reduction systems.

(d) AGREEMENTS WITH STATES.—Section 111 of title 23, United States Code, is amended by adding at the end the following:

''(d) IDLING REDUCTION FACILITIES IN INTERSTATE RIGHTS-OF-WAY.—

''(1) IN GENERAL.—Notwithstanding subsection (a), a State may—

''(A) permit electrification or other idling reduction facilities and equipment, for use by motor vehicles used for commercial purposes, to be placed in rest and recreation areas, and in safety rest areas, constructed or located on rights-of-way of the Interstate System in the State, if the idling reduction measures do not—

''(i) reduce the existing number of designated truck parking spaces at any given rest or recreation area; or

''(ii) preclude the use of the spaces by trucks employing alternative idle reduction technologies; and

''(B) charge a fee, or permit the charging of a fee, for the use of a parking space that provides electrification or other idling reduction facilities and equipment.

''(2) PURPOSE OF FACILITIES.—The exclusive purpose of the electrification or other idling reduction facilities described in paragraph (1) (or similar technologies) shall be to enable operators of motor vehicles used for commercial purposes—

''(A) to reduce idling of a truck while parked in the rest or recreation area; and

''(B) to use equipment specifically designed to reduce idling of a truck, or provide alternative power for supporting driver comfort, while parked.''.

**SEC. 157. FUEL EFFICIENCY FOR HEAVY DUTY TRUCKS.**

Part C of subtitle VI of title 49, United States Code, is amended by inserting after chapter 329 the following:

**''CHAPTER 330—HEAVY DUTY VEHICLE FUEL ECONOMY STANDARDS**

Sec.
33001. Purpose and policy.
33002. Definitions.
33003. Standards.

**''§ 33001. Purpose and policy**

''The purpose of this chapter is to reduce petroleum consumption by heavy duty motor vehicles.

**''§ 33002. Definitions**

''In this chapter, 'heavy duty motor vehicle'—

''(1) means a vehicle of greater than 10,000 pounds gross vehicle weight that is driven or drawn by mechanical power and manufactured primarily for use on public streets, roads, and highways; and

''(2) does not include a vehicle operated only on a rail line.

**''§ 33003. Standards**

''(a) GENERAL REQUIREMENTS.—The Secretary of Transportation shall prescribe heavy duty motor vehicle fuel economy standards. Each standard shall be practicable, meet the need for heavy duty motor vehicle fuel consumption reduction, and be stated in objective terms.

''(b) CONSIDERATIONS AND CONSULTATION.—When prescribing a heavy duty motor vehicle fuel economy standard under this chapter, the Secretary shall—

''(1) consider relevant available heavy duty motor vehicle fuel consumption information;

''(2) consider whether a proposed standard is reasonable, practicable, and appropriate for the particular type of heavy duty motor vehicle for which it is prescribed; and

''(3) consider the extent to which the standard will carry out section 33001.

''(c) COOPERATION.—The Secretary may advise, assist, and cooperate with departments, agencies, and instrumentalities of the United States Government, States, and other public and private agencies in developing fuel economy standards for heavy duty motor vehicles.

''(d) EFFECTIVE DATES OF STANDARDS.—The Secretary shall specify the effective date and model years of a heavy duty motor vehicle fuel economy standard prescribed under this chapter.

''(e) 5-YEAR PLAN FOR TESTING STANDARDS.—The Secretary shall establish, periodically review, and continually update a 5-year plan for testing heavy duty motor vehicle fuel economy standards prescribed under this chapter. In developing the plan and establishing testing priorities, the Secretary shall consider factors the Secretary considers appropriate, consistent with section 33001 and the Secretary's other duties and powers under this chapter.''.

**SEC. 158. FLEXIBLE FUEL VEHICLE STANDARDS.**

(a) DEFINITIONS.—In this section:

(1) ALTERNATIVE FUEL; ALTERNATIVE FUEL AUTOMOBILE.—The terms ''alternative fuel'' and ''alternative fuel automobile'' have the meanings given such terms in section 32901 of title 49, United States Code.

(2) ALTERNATIVE FUEL REFUELING RETAIL OUTLET.—The term ''alternative fuel refueling retail outlet'' means an establishment—

(A) equipped to dispense alternative fuel into motor vehicles; and

(B) at which alternative fuel is sold or offered for sale to the general public for use in motor vehicles without the need to establish an account.

(3) FLEXIBLE FUEL VEHICLES.—The term ''flexible fuel vehicle'' means an alternative fuel vehicle capable of operating using gasoline and 1 or more alternative fuels, including—

(A) ethanol and methanol in blends up to 85 percent alternative fuel by volume; and

(B) electricity from an external charging source sufficient to power the vehicle for at least 20 miles of driving.

(4) OWNER OR LESSOR.—The term ''owner or lessor'' means—

(A) a franchisor who owns, leases, or controls a retail gasoline outlet at which the franchisee is authorized or permitted, under the franchise agreement, to sell alternative fuel;

(B) a refiner or distributor who owns, leases, or controls a retail gasoline outlet

(b) INCREASING PERCENTAGE OF LIGHT DUTY VEHICLES THAT ARE ALTERNATIVE OR FLEXIBLE FUEL VEHICLES.—

(1) IN GENERAL.—Of the new light duty vehicles sold in the United States—

(A) not less than 10 percent manufactured for model year 2009 shall be alternative fuel automobiles or flexible fuel vehicles;

(B) not less than 20 percent manufactured for model year 2010 shall be alternative fuel automobiles or flexible fuel vehicles;

(C) not less than 35 percent manufactured for model year 2011 shall be alternative fuel automobiles or flexible fuel vehicles; and

(D) not less than 50 percent manufactured for model year 2012, and each year thereafter, shall be alternative fuel automobiles or flexible fuel vehicles.

(2) RULEMAKING.—Not later than 1 year after the date of enactment of this Act, the Secretary of Transportation shall issue regulations to carry out the provisions of this subsection.

(c) ALTERNATIVE FUEL RETAIL OUTLETS.—

(1) REQUIREMENT.—Beginning in the year in which 10 percent or more of the registered vehicles in a county are capable of using a designated alternative fuel, each owner or lessor of a retail gasoline outlet with 10 or more vehicle fuel pumps in that county shall offer such designated alternative fuel at not less than 10 percent of such pumps.

(2) COMPLIANCE.—An owner or lessor is in compliance with the requirement under paragraph (1) if the owner or lessor—

(A) provides alternative fuel at vehicle pumps owned or controlled by the owner or lessor; or

(B) purchases credits from another owner or lessor who operates more than the minimum required number of alternative fuel pumps.

(3) PROJECTIONS.—Not later than July 1st of each year, the Secretary of Energy shall—

(A) identify the counties in which at least 10 percent of the registered vehicles are expected to be capable of using a designated alternative fuel within the following 18-month period; and

(B) notify owners and lessors with retail gasoline outlets in the counties identified under subparagraph (A) of the alternative fuel pump requirement under this subsection.

(4) RULEMAKING.—The Secretary of Energy shall issue regulations to carry out the provisions of this subsection.

**SEC. 159. OIL SAVINGS STUDIES.**

(a) IN GENERAL.—The Secretary of Transportation shall develop and implement pilot projects the purpose of which is to reduce vehicle miles traveled.

(b) HIGHWAY CONGESTION TOLLING EVALUATION STUDY.—The Secretary of Transportation shall carry out a national evaluation study to determine how technology can best be applied to assess—

(1) mileage-based road user charges on major highways at peak-commuting times for the purposes of—

(A) reducing oil usage;

(B) lessening highway congestion; and

(C) expanding travel alternatives; and

(2) the economic impact on users.

(c) PARKING CASH-OUT EVALUATION PROJECT.—The Secretary of Transportation shall carry out a national evaluation pilot project to assess how offering commuters the option to receive the cash value of their workplace parking place instead of free parking can—

(1) reduce oil usage;

(2) lessen highway congestion; and

(3) promote economic development.

(d) AUTHORIZATION OF APPROPRIATIONS.—There are authorized to be appropriated to carry out this section $8,000,000 for each of fiscal years 2006 through 2015.

**SEC. 159A. NATIONWIDE MEDIA CAMPAIGN TO DECREASE OIL CONSUMPTION.**

(a) IN GENERAL.—The Secretary of Energy, acting through the Assistant Secretary for Energy Efficiency and Renewable Energy (referred to in this section as the ''Secretary''), shall develop and conduct a national media campaign for the purpose of decreasing oil consumption in the United States over the next decade.

(b) CONTRACT WITH ENTITY.—The Secretary shall carry out subsection (a) directly or through—

(1) contracts with 1 or more nationally recognized media firms for the development and distribution of monthly television, radio, and newspaper public service announcements; or

(2) collective agreements with 1 or more nationally recognized institutes, businesses, or nonprofit organizations for the funding, development, and distribution of monthly television, radio, and newspaper public service announcements.

(c) USE OF FUNDS.—

(1) IN GENERAL.—Amounts made available to carry out this section shall be used for the following:

(A) ADVERTISING COSTS.—

(i) The purchase of media time and space.

(ii) Creative and talent costs.

(iii) Testing and evaluation of advertising.

(iv) Evaluation of the effectiveness of the media campaign.

(v) The negotiated fees for the winning bidder on requests from proposals issued either by the Secretary for purposes otherwise authorized in this section.

(vi) Entertainment industry outreach, interactive outreach, media projects and activities, public information, news media outreach, and corporate sponsorship and participation.

(B) ADMINISTRATIVE COSTS.—Operational and management expenses.

(2) LIMITATIONS.—In carrying out this section, the Secretary shall allocate not less than 85 percent of funds made available under subsection (e) for each fiscal year for the advertising functions specified under paragraph (1)(A).

(d) REPORTS.—The Secretary shall annually submit to Congress a report that describes—

(1) the strategy of the national media campaign and whether specific objectives of the campaign were accomplished, including—

(A) determinations concerning the rate of change of oil consumption, in both absolute and per capita terms; and

(B) an evaluation that enables consideration whether the media campaign contributed to reduction of oil consumption;

(2) steps taken to ensure that the national media campaign operates in an effective and efficient manner consistent with the overall strategy and focus of the campaign;

(3) plans to purchase advertising time and space;

(4) policies and practices implemented to ensure that Federal funds are used responsibly to purchase advertising time and space and eliminate the potential for waste, fraud, and abuse; and

(5) all contracts or cooperative agreements entered into with a corporation, partnership, or individual working on behalf of the national media campaign.

(e) AUTHORIZATION OF APPROPRIATIONS.—There is authorized to be appropriated to carry out this section $100,000,000 for each of fiscal years 2006 through 2010.

**SEC. 159B. OIL SAVINGS TARGET AND ACTION PLAN.**

Not later than 270 days after the date of enactment of this Act, the Director of the Office of Management and Budget (referred to in this section as the ''Director'') shall publish in the Federal Register an action plan consisting of—

(1) a list of requirements proposed pursuant to section 159C that are authorized to be issued under law in effect on the date of enactment of this Act, and this subtitle, that will be sufficient, when taken together, to save from the baseline determined under section 159F, at least—

(A) 1,000,000 barrels of oil per day during calendar year 2015; and

(B) 2,500,000 barrels per day during calendar year 2020; and

(2) a Federal Government-wide analysis that analyzes—

(A) the expected oil savings from the baseline to be accomplished by each requirement; and

(B) whether all such requirements, taken together, will achieve the oil savings specified in this section.

**SEC. 159C. STANDARDS AND REQUIREMENTS.**

(a) SECRETARY OF ENERGY.—On or before the date of publication of the action plan under section 159B, the Secretary shall propose regulations establishing each standard or other requirement listed in the action plan that is under the jurisdiction of the Secretary.

(b) SECRETARY OF TRANSPORTATION.—On or before the date of publication of the action plan under section 159B, the Secretary of Transportation shall propose regulations establishing each standard or other requirement listed in the action plan that is under the jurisdiction of the Secretary of Transportation.

(c) ADMINISTRATOR.—On or before the date of publication of the action plan under section 159B, the Administrator shall propose regulations establishing each standard or other requirement listed in the action plan that is under the jurisdiction of the Administrator.

(d) FINAL REGULATIONS.—Not later than 18 months after the date of enactment of this Act, the Secretary, the Secretary of Transportation, and the Administrator shall promulgate final regulations described in subsections (a), (b), and (c), respectively.

(e) AGENCY ANALYSES.—Each proposed and final regulation promulgated under this section shall—

(1) be accompanied by an agency analysis of the oil savings from the baseline determined under section 159F that the regulation will achieve; and

(2) achieve at least the oil savings required as a result of the regulation under the action plan published under section 159B.

**SEC. 159D. INITIAL EVALUATION.**

(a) IN GENERAL.—Not later than 2 years after the date of enactment of this Act, the Director of the Office of Management and Budget (referred to in this section as the ''Director'') shall publish in the Federal Register a Federal Government-wide analysis of

the oil savings achieved from the baseline established under section 159F.

(b) INADEQUATE OIL SAVINGS.—If the oil savings are less than the targets established under section 159B, simultaneously with the analysis required under subsection (a)—

(1) the Director shall publish a revised action plan that is adequate to achieve the targets; and

(2) the Secretary of Energy, the Secretary of Transportation, and the Administrator shall propose new or revised regulations under subsections (a), (b), and (c), respectively, of section 159C.

(c) FINAL REGULATIONS.—Not later than 180 days after the date on which regulations are proposed under subsection (b)(2), the Secretary of Energy, the Secretary of Transportation, and the Administrator shall promulgate final versions of those regulations.

**SEC. 159E. REVIEW AND UPDATE OF ACTION PLAN.**

(a) REVIEW.—Not later than January 1, 2010, and every 3 years thereafter, the Director of the Office of Management and Budget (referred to in this section as the ''Director'') shall publish a report that—

(1) evaluates the progress achieved in implementing the oil savings targets established under section 159B;

(2) analyzes the expected oil savings under the standards and requirements established under this subtitle and the amendments made by this subtitle; and

(3)(A) analyzes the potential to achieve oil savings that are in addition to the savings required by section 159B; and

(B) if the President determines that it is in the national interest, establishes a higher oil savings target for calendar year 2016 or any subsequent calendar year.

(b) INADEQUATE OIL SAVINGS.—If the oil savings are less than the targets established under section 159B, simultaneously with the report required under subsection (a)—

(1) the Director shall publish a revised action plan that is adequate to achieve the targets; and

(2) the Secretary of Energy, the Secretary of Transportation, and the Administrator shall propose new or revised regulations under subsections (a), (b), and (c), respectively, of section 159C.

(c) FINAL REGULATIONS.—Not later than 180 days after the date on which regulations are proposed under subsection (b)(2), the Secretary of Energy, the Secretary of Transportation, and the Administrator shall promulgate final versions of those regulations.

**SEC. 159F. BASELINE AND ANALYSIS REQUIREMENTS.**

In performing the analyses and promulgating proposed or final regulations to establish standards and other requirements necessary to achieve the oil savings required by this subtitle, the Director of the Office of Management and Budget, the Secretary of Energy, the Secretary of Transportation, and the Administrator shall—

(1) determine oil savings as the projected reduction in oil consumption from the baseline established by the reference case contained in the report of the Energy Information Administration entitled ''Annual Energy Outlook 2005'';

(2) determine the oil savings projections required on an annual basis for each of calendar years 2008 through 2025; and

(3) account for any overlap among the standards and other requirements to ensure that the projected oil savings from all the promulgated standards and requirements, taken together, are as accurate as practicable.

***SEC. 160. CLARIFICATION OF ECONOMIC SUBSTANCE DOCTRINE.***

*(a) IN GENERAL.—Section 7701 is amended by redesignating subsection (o) as subsection (p) and by inserting after subsection (n) the following new subsection:*

*''(o) CLARIFICATION OF ECONOMIC SUBSTANCE DOCTRINE; ETC.—*

*''(1) GENERAL RULES.—*

*''(A) IN GENERAL.—In any case in which a court determines that the economic substance doctrine is relevant for purposes of this title to a transaction (or series of transactions), such transaction (or series of transactions) shall have economic substance only if the requirements of this paragraph are met.*

*''(B) DEFINITION OF ECONOMIC SUBSTANCE.—For purposes of subparagraph (A)—*

*''(i) IN GENERAL.—A transaction has economic substance only if—*

*''(I) the transaction changes in a meaningful way (apart from Federal tax effects) the taxpayer's economic position, and*

*''(II) the taxpayer has a substantial nontax purpose for entering into such transaction and the transaction is a reasonable means of accomplishing such purpose.*

*In applying subclause (II), a purpose of achieving a financial accounting benefit shall not be taken into account in determining whether a transaction has a substantial nontax purpose if the origin of such financial accounting benefit is a reduction of income tax.*

*''(ii) SPECIAL RULE WHERE TAXPAYER RELIES ON PROFIT POTENTIAL.—A transaction shall not be treated as having economic substance by reason of having a potential for profit unless—*

*''(I) the present value of the reasonably expected pre-tax profit from the transaction is substantial in relation to the present value of the expected net tax benefits that would be allowed if the transaction were respected, and*

*''(II) the reasonably expected pre-tax profit from the transaction exceeds a risk-free rate of return.*

*''(C) TREATMENT OF FEES AND FOREIGN TAXES.—Fees and other transaction expenses and foreign taxes shall be taken into account as expenses in determining pre-tax profit under subparagraph (B)(ii).*

*''(2) SPECIAL RULES FOR TRANSACTIONS WITH TAX-INDIFFERENT PARTIES.—*

*''(A) SPECIAL RULES FOR FINANCING TRANSACTIONS.—The form of a transaction which is in substance the borrowing of money or the acquisition of financial capital directly or indirectly from a tax-indifferent party shall not be respected if the present value of the deductions to be claimed with respect to the transaction is substantially in excess of the present value of the anticipated economic returns of the person lending the money or providing the financial capital. A public offering shall be treated as a borrowing, or an acquisition of financial capital, from a tax indifferent party if it is reasonably expected that at least 50 percent of the offering will be placed with tax-indifferent parties.*

*''(B) ARTIFICIAL INCOME SHIFTING AND BASIS ADJUSTMENTS.—The form of a transaction with a tax-indifferent party shall not be respected if—*

*''(i) it results in an allocation of income or gain to the tax indifferent party in excess of such party's economic income or gain, or*

*''(ii) it results in a basis adjustment or shifting of basis on account of overstating the income or gain of the tax indifferent party.*

*''(3) DEFINITIONS AND SPECIAL RULES.—For purposes of this subsection—*

*''(A) ECONOMIC SUBSTANCE DOCTRINE.—The term 'economic substance doctrine' means the common law doctrine under which tax benefits under subtitle A with respect to a transaction are not allowable if the transaction does not have economic substance or lacks a business purpose.*

*''(B) TAX-INDIFFERENT PARTY.—The term 'tax-indifferent party' means any person or entity not subject to tax imposed by subtitle A. A person shall be treated as a tax-indifferent party with respect to a transaction if the items taken into account with respect to the transaction have no substantial impact on such person's liability under subtitle A.*

*''(C) EXCEPTION FOR PERSONAL TRANSACTIONS OF INDIVIDUALS.—In the case of an individual, this subsection shall apply only to transactions entered into in connection with a trade or business or an activity engaged in for the production of income.*

*''(D) TREATMENT OF LESSORS.—In applying paragraph (1)(B)(ii) to the lessor of tangible property subject to a lease—*

*''(i) the expected net tax benefits with respect to the leased property shall not include the benefits of—*

*''(I) depreciation,*

*''(II) any tax credit, or*

*''(III) any other deduction as provided in guidance by the Secretary, and*

*''(ii) subclause (II) of paragraph (1)(B)(ii) shall be disregarded in determining whether any of such benefits are allowable.*

*''(4) OTHER COMMON LAW DOCTRINES NOT AFFECTED.—Except as specifically provided in this subsection, the provisions of this subsection shall not be construed as altering or supplanting any other rule of law, and the requirements of this subsection shall be construed as being in addition to any such other rule of law.*

*''(5) REGULATIONS.—The Secretary shall prescribe such regulations as may be necessary or appropriate to carry out the purposes of this subsection. Such regulations may include exemptions from the application of this subsection.''.*

*(b) EFFECTIVE DATE.—The amendments made by this section shall apply to transactions entered into after the date of the enactment of this Act.*

***SEC. 5522. PENALTY FOR UNDERSTATEMENTS ATTRIBUTABLE TO TRANSACTIONS LACKING ECONOMIC SUBSTANCE, ETC.***

*(a) IN GENERAL.—Subchapter A of chapter 68 is amended by inserting after section 6662A the following new section:*

***SEC. 6662B. PENALTY FOR UNDERSTATEMENTS ATTRIBUTABLE TO TRANSACTIONS LACKING ECONOMIC SUBSTANCE, ETC.***

*''(a) IMPOSITION OF PENALTY.—If a taxpayer has an noneconomic substance transaction understatement for any taxable year, there shall be added to the tax an amount equal to 40 percent of the amount of such understatement.*

*''(b) REDUCTION OF PENALTY FOR DISCLOSED TRANSACTIONS.—Subsection (a) shall be applied by substituting '20 percent' for '40 percent' with respect to the portion of any noneconomic substance transaction understatement with respect to which the relevant facts affecting the tax treatment of the item are adequately disclosed in the return or a statement attached to the return.*

*''(c) NONECONOMIC SUBSTANCE TRANSACTION UNDERSTATEMENT.—For purposes of this section—*

*''(1) IN GENERAL.—The term 'noneconomic substance transaction understatement' means any amount which would be an understatement under section 6662A(b)(1) if section 6662A were applied by taking into account items attributable to noneconomic substance transactions rather than items to which section 6662A would apply without regard to this paragraph.*

*''(2) NONECONOMIC SUBSTANCE TRANSACTION.—The term 'noneconomic substance transaction' means any transaction if—*

*''(A) there is a lack of economic substance (within the meaning of section 7701 (0)(1)) for the transaction giving rise to the claimed benefit or the transaction was not respected under section 7701 (0)(2), or*

*''(B) the transaction fails to meet the requirements of any similar rule of law.*

*''(d) RULES APPLICABLE TO COMPROMISE OF PENALTY.—*

*''(1) IN GENERAL.—If the 1st letter of proposed deficiency which allows the taxpayer an opportunity for administrative review in the Internal*

*Revenue Service Office of Appeals has been sent with respect to a penalty to which this section applies, only the Commissioner of Internal Revenue may compromise all or any portion of such penalty.*

*''(2) APPLICABLE RULES.—The rules of paragraphs (2) and (3) of section 6707A(d) shall apply for purposes of paragraph (1).*

*''(e) COORDINATION WITH OTHER PENALTIES.—Except as otherwise provided in this part, the penalty imposed by this section shall be in addition to any other penalty imposed by this title.*

*''(f) Cross References.—*

*''(1) For coordination of penalty with understatements under section 6662 and other special rules, see section 6662A(e).*

*''(2) For reporting of penalty imposed under this section to the Securities and Exchange Commission, see section 6707 A(e).'.*

*(b) COORDINATION WITH OTHER UNDERSTATEMENTS AND PENALTIES.—*

*(1) The second sentence of section 6662(d)(2)(A) is amended by inserting ''and without regard to items with respect to which a penalty is imposed by section 6662B'' before the period at the end.*

*(2) Subsection (e) of section 6662A is amended.—*

*(A) in paragraph (1), by inserting ''and noneconomic substance transaction understatements'' after ''reportable transaction understatements'' both places it appears,*

*(B) in paragraph (2)(A), by inserting ''and a noneconomic substance transaction understatement'' after ''reportable transaction understatement'',*

*(C) in paragraph (2)(B), by inserting ''6662B or'' before ''6663'',*

*(D) in paragraph (2)(C)(i), by inserting ''or section 6662B'' before the period at the end,*

*(E) in paragraph (2)(C)(ii), by inserting ''and section 6662B'' after ''This section'',*

*(F) in paragraph (3), by inserting ''or noneconomic substance transaction understatement'' after ''reportable transaction understatement'', and*

*(G) by adding at the end the following new paragraph:*

*''(4) Noneconomic substance transaction understatement.—For purposes of this subsection, the term 'noneconomic substance transaction understatement' has the meaning given such term by section 6662B(c).''.*

*(3) Subsection (e) of section 6707A is amended.—*

*(A) by striking ''or'' at the end of subparagraph (B), and*

*(B) by striking subparagraph (C) and inserting the following new subparagraphs:*

*''(C) is required to pay a penalty under section 6662B with respect to any noneconomic substance transaction, or*

*''(D) is required to pay a penalty under section 6662(h) with respect to any transaction and would (but for section 6662A(e)(2)(C)) have been subject to penalty under section 6662A at a rate prescribed under section 6662A(c) or under section 6662B,''.*

*(c) CLERICAL AMENDMENT.—The table of sections for part II of subchapter A of chapter 68 is amended by inserting after the item relating to section 6662A the following new item:*

*''SEC. 6662B. Penalty for understatements attributable to transactions lacking economic substance, etc.''.*

*(d) EFFECTIVE DATE.—The amendments made by this section shall apply to transactions entered into after the date of the enactment of this Act.*

***SEC. 5523. DENIAL OF DEDUCTION FOR INTEREST ON UNDERPAYMENTS ATTRIBUTABLE TO NONECONOMIC SUBSTANCE TRANSACTIONS.***

*(a) IN GENERAL.—Section 163(m) (relating to interest on unpaid taxes attributable to nondisclosed reportable transactions) is amended—*

*(1) by striking ''attributable'' and all that follows and inserting the following: ''attributable to—*

*''(1) the portion of any reportable transaction understatement (as defined in section 6662A(b)) with respect to which the requirement of section 6664(d)(2)(A) is not met, or*

*''(2) any noneconomic substance transaction understatement (as defined in section 6662B(c))'', and*

*(2) by inserting ''AND NONECONOMIC SUBSTANCE TRANSACTIONS'' in the heading thereof after 'TRANSACTIONS' ''.*

*(b) EFFECTIVE DATE.—The amendments made by this section shall apply to transactions after the date of the enactment of this Act in taxable years ending after such date.*

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**SA 959.** Mr. ROCKEFELLER (for himself, Mr. BUNNING, and Mr. BYRD) submitted an amendment intended to be proposed by him to the bill H.R. 6, to ensure jobs for our future with secure, affordable, and reliable energy; which was ordered to lie on the table; as follows:

On page 35 (of title XV as agreed to), strike lines 10 through 16, and insert the following:

''(A) APPLICATION PERIOD.—Each applicant for certification under this paragraph shall submit an application meeting the requirements of subparagraph (B). An applicant may only submit an application during the 3-year period beginning on the date the Secretary establishes the program under paragraph (1).

''(B) REQUIREMENTS FOR APPLICATIONS FOR CERTIFICATION.—An application under subparagraph (A) shall contain such information as the Secretary may require in order to make a determination to accept or reject an application for certification as meeting the requirements under subsection (e)(1). Any information contained in the application shall be protected as provided in section 552(b)(4) of title 5, United States Code.

''(C) TIME TO ACT UPON APPLICATIONS FOR CERTIFICATION.—The Secretary shall issue a determination as to whether an applicant has met the requirements under subsection (e)(1) within 60 days following the date of submittal of the application for certification.

''(D) TIME TO MEET CRITERIA FOR CERTIFICATION.—Each applicant for certification shall have 2 years from the date of acceptance by the Secretary of the application during which to provide to the Secretary evidence that the criteria set forth in subsection (e)(2) have been met.

''(E) PERIOD OF ISSUANCE.—An applicant which receives a certification shall have 5 years from the date of issuance of the certification in order to place the project in service and if such project is not placed in service by that time period then the certification shall no longer be valid.''.

On page 36 (of title XV as agreed to), strike lines 14 through 23.

On page 36 (of title XV as agreed to), line 24, strike ''(6)'' and insert ''(5)''.

On page 37 (of title XV as agreed to), line 16, strike ''commitment''.

On page 37, line 17, strike ''(e)(4)(B)'' and insert ''paragraph (2)''.

On page 37 (of title XV as agreed to), line 19, strike ''(f)(2)(B)(ii)'' and insert ''paragraph (2)(D)''.

On page 37 (of title XV as agreed to), line 20, strike ''commitment''.

On page 37, between lines 22 and 23, insert the following:

''(C) REALLOCATION.—If the Secretary determines that megawatts under clause (i) or (ii) of paragraph (3)(B) are available for reallocation pursuant to the requirements set forth in paragraph (2), the Secretary is authorized to conduct an additional program for applications for certification.''.

On page 38 (of title XV as agreed to), line 7, strike ''or polygeneration''.

On page 38 (of title XV as agreed to), beginning with line 13 strike all through page 39, line 25, and insert the following:

''(C) the project, consisting of one or more electric generation units at one site, will have a total nameplate generating capacity of at least 400 megawatts;

''(D) the applicant demonstrates that there is a letter of intent signed by an officer of an entity willing to purchase the majority of the output of the project or signed by an officer of a utility indicating that the electricity capacity addition is consistent with that utility's integrated resource plan as approved by the regulatory or governing body that oversees electricity capacity allocations of the utility;

''(E) there is evidence of ownership or control of a site of sufficient size to allow the proposed project to be constructed and to operate on a long-term basis; and

''(F) the project will be located in the United States.

''(2) REQUIREMENTS FOR CERTIFICATION.—For the purpose of subsection (d)(2)(D), a project shall be eligible for certification only if the Secretary determines that—

''(A) the applicant for certification has received all Federal and State environmental authorizations or reviews necessary to commence construction of the project; and

''(B) the applicant for certification, except in the case of a retrofit or repower of an existing electric generation unit, has purchased or entered into a binding contract for the purchase of the main steam turbine or turbines for the project, except that such contract may be contingent upon receipt of a certification under subsection (d)(2).''.

On page 40 (of title XV as agreed to), strike ''(2)'' and insert ''(3)''.

On page 40 (of title XV as agreed to), line 4, strike ''subsection (d)(3)(B)(i)'' and insert ''subsection (d)(2)''.

On page 40 (of title XV as agreed to), beginning with line 19, strike all through page 42, line 6.

On page 42 (of title XV as agreed to), line 18, strike ''the vendor warrants that''.

On page 44, after line 25, insert the following:

''(h) APPLICABILITY.—No use of technology (or level of emission reduction solely by reason of the use of the technology), and no achievement of any emission reduction by the demonstration of any technology or performance level, by or at one or more facilities with respect to which a credit is allowed under this section, shall be considered to indicate that the technology or performance level is—

''(1) adequately demonstrated for purposes of section 111 of the Clean Air Act (42 U.S. C. 7411);

''(2) achievable for purposes of section 169 of that Act (42 U.S. C. 7479); or

''(3) achievable in practice for purposes of section 171 of such Act (42 U.S.C. 7501).

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**SA 960.** Mr. ROCKEFELLER submitted an amendment intended to be proposed by him to the bill H.R. 6, to ensure jobs for our future with secure, affordable, and reliable energy; which was ordered to lie on the table; as follows:

On page 134, strike lines 1 through 7, and insert the following:

(2) RENEWABLE ENERGY.—The term ''renewable energy'' means electric energy generated from solar, wind, biomass, landfill gas, ocean (including tidal, wave, current, and thermal), geothermal, municipal solid waste, or new hydroelectric generation capacity achieved from—

(A) hydroelectric facilities installed at existing dams subject to all applicable environmental laws and licensing and regulatory requirements that are placed in service on or after the date of enactment of this Act; or

(B) increased efficiency or addition of new capacity at a hydroelectric project in existence on the date of enactment of this Act.

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**SA 961.** Mr. ALEXANDER (for himself, Mr. WARNER, Ms. LANDRIEU, Mr. MCCAIN, Mr. ALLEN, Mr. VOINOVICH, Mr. BROWNBACK, Mr. BURR, and Mr. BUNNING) proposed an amendment to the bill H.R. 6, to ensure jobs for our future with secure, affordable, and reliable energy; as follows:

On page 697, between lines 6 and 7, insert the following:

**SEC. 1270A. LOCAL CONTROL FOR SITING OF WINDMILS.**

(a) LOCAL NOTIFICATION.—Prior to the Federal Energy Regulatory Commission issuing to any wind turbine project its Exempt-Wholesale Generator Status, Market-Based Rate Authority, or Qualified Facility rate schedule, the wind project shall complete its Local Notification Process.

(b) LOCAL NOTIFICATION PROCESS.—

(1) In this section, the term ''Local Authorities'' means the governing body, and the senior executive of the body, at the lowest level of government that possesses authority under State law to carry out this Act.

(2) Applicant shall notify in writing the Local Authorities on the day of the filing of such Market-Based Rate application or Federal Energy Regulatory Commission Form number 556 (or a successor form) at the Federal Energy Regulatory Commission. Evidence of such notification shall be submitted to the Federal Energy Regulatory Commission.

(3) The Federal Energy Regulatory Commission shall notify in writing the Local Authorities within 10 days of the filing of such Market-Based Rate application or Federal Energy Regulatory Commission Form number 556 (or a successor form) at the Federal Energy Regulatory Commission.

(4) The Federal Energy Regulatory Commission shall not issue to the project Market-Based Rate Authority, Exempt Wholesaler Generator Status, or Qualified Facility rate schedule, until 180 days after the date on which the Federal Energy Regulatory Commission notifies the Local Authorities under paragraph (3).

(c) HIGHLY SCENIC AREA AND FEDERAL LAND.—

(1)(A) A Highly Scenic Area is—

(i) any area listed as an official United Nations Educational, Scientific, and Cultural Organization World Heritage Site, as supported by the Department of the Interior, the National Park Service, and the International Council on Monuments and Sites;

(ii) land designated as a National Park;

(iii) a National Lakeshore;

(iv) a National Seashore;

(v) a National Wildlife Refuge that is adjacent to an ocean;

(vi) a National Military Park;

(vii) the Flint Hills National Wildlife Reserve;

(viii) the Tallgrass Prairie National Preserve;

(ix) White Mountains National Forest; or

(x) the Flint Hills Tallgrass Prairie Preserve or the Konza Prairie in the State of Kansas.

(B) The term ''Highly Scenic Area'' does not include—

(i) the Pueblo de Taos World Heritage Area;

(ii) any coastal wildlife refuge located in the State of Louisiana; or

(iii) any area in the State of Alaska.

(2) A Qualified Wind Project is any wind-turbine project located—

(A)(i) in a Highly Scenic Area; or

(ii) within 20 miles of the boundaries of an area described in subparagraph (A), (B), (C), (D), or (F) of paragraph (1); or

(B) within 20 miles off the coast of a National Wildlife Refuge that is adjacent to an ocean.

(3) Prior to the Federal Energy Regulatory Commission issuing to a Qualified Wind Project its Exempt-Wholesale Generator Status, Market-Based Rate Authority, or Qualified Facility rate schedule, an environmental impact statement shall be conducted and completed by the lead agency in accordance with the National Environmental Policy Act of 1969 (42 U.S.C. 4321 et seq.). If no lead agency is designated, the lead agency shall be the Department of the Interior.

(4) The environmental impact statement determination shall be issued within 12 months of the date of application.

(5) Such environmental impact statement review shall include a cumulative impacts analysis addressing visual impacts and avian mortality analysis of a Qualified Wind Project.

(6) A Qualified Wind Project shall not be eligible for any Federal tax subsidy.

(d) EFFECTIVE DATE.—

(1) This section shall expire 10 years after the date of enactment of this Act.

(2) Nothing in this section shall prevent or discourage environmental review of any wind projects or any Qualified Wind Project on a State or local level.

(e) EFFECT OF SECTION.—Nothing in this section shall apply to a project that, as of the date of enactment of this Act—

(1) is generating energy; or

(2) has been issued a permit by the Federal Energy Regulatory Commission.

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**SA 962.** Mr. JEFFORDS submitted an amendment intended to be proposed by him to the bill H.R. 6, to ensure jobs for our future with secure, affordable, and reliable energy; which was ordered to lie on the table; as follows:

On page 724, line 12, insert before ''shall enter'' the following: '', in consultation with the Administrator of the Environmental Protection Agency,''.

On page 726, line 5, insert ''and the Administrator of the Environmental Protection Agency'' after ''Interior''.

On page 726, line 10, insert before ''shall report'' the following: ''and the Administrator of the Environmental Protection Agency''; after consulting with states,

On page 726, line 14, strike ''Secretary's agreement or disagreement'' and insert ''agreement or disagreement of the Secretary of the Interior and the Administrator of the Environmental Protection Agency''.

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**SA 963.** Mr. CORZINE submitted an amendment intended to be proposed by him to the bill H.R. 6, to ensure jobs for our future with secure, affordable, and reliable energy; which was ordered to lie on the table; as follows:

1. On page 3, strike Line 18, and insert ''the consent of the Governor and State Legislatures of all other states''

2. On page 7, Line 14, after ''Governor)'' strike ''may'' and insert ''must have the consent of every Governor and State Legislature with a coast that is under the OCS moratoria as of January 1, 2005 in order to''

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**SA 964.** Mr. CORZINE submitted an amendment intended to be proposed by him to the bill H.R. 6, to ensure jobs for our future with secure, affordable, and reliable energy; which was ordered to lie on the table; as follows:

On page 7, Line 14, after ''Governor)'' strike ''may'' and insert ''must have the consent of every Governor and State Legislature with a coast that is under the OCS moratoria as of January 1, 2005 in order to''

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**SA 965.** CORZINE submitted an amendment intended to be proposed by him to the bill H.R. 6, to ensure jobs for our future with secure, affordable, and reliable energy; which was ordered to lie on the table; as follows:

1. On page 14, strike Lines 14 through 17

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**SA 966.** Mr. CORZINE submitted an amendment intended to be proposed by him to the bill H.R. 6, to ensure jobs for our future with secure, affordable, and reliable energy; which was ordered to lie on the table; as follows:

1. On page 14, strike Lines 4–6
2. On page 14, strike lines 9–10
3. On page 14, strike lines 11–17

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**SA 967.** Mr. CORZINE submitted an amendment intended to be proposed by him to the bill H.R. 6, to ensure jobs for our future with secure, affordable, and reliable energy; which was ordered to lie on the table; as follows:

1. On page 14, strike Lines 4 through 17 and insert ''all such funds, to states and to local political subdivisions, shall only be expendable for mitigation measures and environmental restoration projects, fully subject to NEPA review, that specifically repair the adverse impacts of onshore and offshore facilities and operations associated with federal offshore oil and gas leasing, exploration, and development activities''

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**SA 968.** Mr. ROCKEFELLER submitted an amendment intended to be proposed by him to the bill H.R. 6, to ensure jobs for our future with secure, affordable, and reliable energy; which was ordered to lie on the table; as follows:

At the appropriate place, insert the following:

**SEC. ____. COALMINE GAS.**

(a) IN GENERAL.—Subpart D of part IV of subchapter A of chapter 1 of the Internal Revenue Code of 1986 (relating to business credits), as amended by this Act, is amended by adding at the end the following new section:

**''SEC. 45O. CREDIT FOR CAPTURING COALMINE GAS.**

''(a) GENERAL RULE.—For purposes of section 38, the coalmine gas capture credit for any taxable year is an amount equal to the product of—

''(1) the credit amount, and

''(2) the qualified credit coalmine gas captured which is attributable to the taxpayer.

''(b) CREDIT AMOUNT.—For purposes of this section, the credit amount is $0.517 per 1,000 cubic feet of qualified coalmine gas captured.

''(c) QUALIFIED COALMINE GAS CAPTURED.—For purposes of this section—

''(1) IN GENERAL.—The term 'qualified coalmine gas captured' means any coalmine gas which is—

''(A) captured or extracted by the taxpayer during the period –beginning after September 30, 2005, and ending before January 1, 2008, –and

''(B) utilized as a fuel source or sold by or on behalf of the taxpayer –to an unrelated person during such period.

''(2) SPECIAL RULE FOR ADVANCED EXTRACTION.—In the case of coalmine gas which is captured in advance of coal mining operations, the credit under subsection (a) shall be allowed only after the date the coal extraction occurs in the immediate area where the coalmine gas was removed.

''(3) NONCOMPLIANCE WITH POLLUTION LAWS.—This paragraph shall not apply to the capture or extraction of coalmine gas from coal mining operations with respect to any period in which such coal mining operations are not in compliance with applicable State and Federal pollution prevention, control, and permit requirements.

''(4) DEFINITIONS.—

''(A) COALMINE GAS.—For purposes of this paragraph, the term 'coalmine gas' means any methane gas which is—

''(i) liberated during or as a result of domestic coal mining –operations, or

''(ii) extracted up to 10 years in advance of domestic coal ——mining operations as part of a specific plan to mine a coal ——deposit.''.

(b) CREDIT TREATED AS PART OF GENERAL BUSINESS CREDIT.—Section 38(b) of the Internal Revenue Code of 1986, as amended by this Act, is amended by striking ''plus'' at the end of paragraph (24), by striking the period at the end of paragraph (24) and inserting '', plus'', and by adding at the end the following new paragraph:

''(25) the coalmine gas capture credit determined under section 45O.''.

(c) CLERICAL AMENDMENT.—The table of sections for subpart D of part IV of subchapter A of chapter 1 of such Code, as amended by this Act, is amended by inserting after section 45N the following:

''Sec. 45O. Credit for capturing coalmine gas.''.

(d) EFFECTIVE DATE.—The amendments made by this section shall apply to taxable years beginning after the date of the enactment of this Act.

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**SA 969.** Mr. ROCKEFELLER submitted an amendment intended to be proposed by him to the bill H.R. 6, to ensure jobs for our future with secure, affordable, and reliable energy; which was ordered to lie on the table; as follows:

At the appropriate place, insert the following:

**SEC. ___. COALMINE GAS.**

(a) IN GENERAL.—Subpart D of part IV of subchapter A of chapter 1 of the Internal Revenue Code of 1986 (relating to business credits), as amended by this Act, is amended by adding at the end the following new section:

**''SEC. 45O. CREDIT FOR CAPTURING COALMINE GAS.**

''(a) GENERAL RULE.—For purposes of section 38, the coalmine gas capture credit for any taxable year is an amount equal to the product of—

''(1) the credit amount, and

''(2) the qualified credit coalmine gas captured which is attributable to the taxpayer.

''(b) CREDIT AMOUNT.—For purposes of this section, the credit amount is $0.517 per 1,000 cubic feet of qualified coalmine gas captured.

''(c) QUALIFIED COALMINE GAS CAPTURED.—For purposes of this section—

''(1) IN GENERAL.—The term 'qualified coalmine gas captured' means any coalmine gas which is—

''(A) captured or extracted by the taxpayer during the period –beginning after September 30, 2005, and ending before January 1, 2008, –and

''(B) utilized as a fuel source or sold by or on behalf of the taxpayer –to an unrelated person during such period.

''(2) SPECIAL RULE FOR ADVANCED EXTRACTION.—In the case of coalmine gas which is captured in advance of coal mining operations, the credit under subsection (a) shall be allowed only after the date the coal extraction occurs in the immediate area where the coalmine gas was removed.

''(3) NONCOMPLIANCE WITH POLLUTION LAWS.—This paragraph shall not apply to the capture or extraction of coalmine gas from coal mining operations with respect to any period in which such coal mining operations are not in compliance with applicable State and Federal pollution prevention, control, and permit requirements.

''(4) DEFINITIONS.—

''(A) COALMINE GAS.—For purposes of this paragraph, the term 'coalmine gas' means any methane gas which is—

''(i) liberated during or as a result of domestic coal mining –operations, or

''(ii) extracted up to 10 years in advance of domestic coal ——mining operations as part of a specific plan to mine a coal ——deposit.''.

(b) CREDIT TREATED AS PART OF GENERAL BUSINESS CREDIT.—Section 38(b) of the Internal Revenue Code of 1986, as amended by this Act, is amended by striking ''plus'' at the end of paragraph (24), by striking the period at the end of paragraph (24) and inserting '', plus'', and by adding at the end the following new paragraph:

''(25) the coalmine gas capture credit determined under section 45O.''.

(c) CLERICAL AMENDMENT.—The table of sections for subpart D of part IV of subchapter A of chapter 1 of such Code, as amended by this Act, is amended by inserting after section 45N the following:

''Sec. 45O. Credit for capturing coalmine gas.''.

(d) EFFECTIVE DATE.—The amendments made by this section shall apply to taxable years beginning after the date of the enactment of this Act.

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**SA 970.** Mr. ROCKEFELLER submitted an amendment intended to be proposed by him to the bill H.R. 6, to ensure jobs for our future with secure, affordable, and reliable energy; which was ordered to lie on the table; as follows:

At the appropriate place, insert the following:

**SEC. ___. COALMINE GAS.**

(a) IN GENERAL.—Subpart D of part IV of subchapter A of chapter 1 of the Internal Revenue Code of 1986 (relating to business credits), as amended by this Act, is amended by adding at the end the following new section:

**''SEC. 45O. CREDIT FOR CAPTURING COALMINE GAS.**

''(a) GENERAL RULE.—For purposes of section 38, the coalmine gas capture credit for any taxable year is an amount equal to the product of—

''(1) the credit amount, and

''(2) the qualified credit coalmine gas captured which is attributable to the taxpayer.

''(b) CREDIT AMOUNT.—For purposes of this section, the credit amount is $0.517 per 1,000 cubic feet of qualified coalmine gas captured.

''(c) QUALIFIED COALMINE GAS CAPTURED.—For purposes of this section—

''(1) IN GENERAL.—The term 'qualified coalmine gas captured' means any coalmine gas which is—

''(A) captured or extracted by the taxpayer during the period –beginning after September 30, 2005, and ending before January 1, 2008, –and

''(B) utilized as a fuel source or sold by or on behalf of the taxpayer –to an unrelated person during such period.

''(2) SPECIAL RULE FOR ADVANCED EXTRACTION.—In the case of coalmine gas which is captured in advance of coal mining operations, the credit under subsection (a) shall be allowed only after the date the coal extraction occurs in the immediate area where the coalmine gas was removed.

''(3) NONCOMPLIANCE WITH POLLUTION LAWS.—This paragraph shall not apply to the capture or extraction of coalmine gas from coal mining operations with respect to any period in which such coal mining operations are not in compliance with applicable State and Federal pollution prevention, control, and permit requirements.

''(4) DEFINITIONS.—

''(A) COALMINE GAS.—For purposes of this paragraph, the term 'coalmine gas' means any methane gas which is—

''(i) liberated during or as a result of domestic coal mining –operations, or

''(ii) extracted up to 10 years in advance of domestic coal ——mining operations as part of a specific plan to mine a coal ——deposit.''.

(b) CREDIT TREATED AS PART OF GENERAL BUSINESS CREDIT.—Section 38(b) of the Internal Revenue Code of 1986, as amended by this Act, is amended by striking ''plus'' at the end of paragraph (24), by striking the period at the end of paragraph (24) and inserting '', plus'', and by adding at the end the following new paragraph:

''(25) the coalmine gas capture credit determined under section 45O.''.

(c) CLERICAL AMENDMENT.—The table of sections for subpart D of part IV of subchapter A of chapter 1 of such Code, as amended by this Act, is amended by inserting after section 45N the following:

''Sec. 45O. Credit for capturing coalmine gas.''.

(d) EFFECTIVE DATE.—The amendments made by this section shall apply to taxable years beginning after the date of the enactment of this Act.

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**SA 971.** Mr. ROCKEFELLER submitted an amendment intended to be proposed by him to the bill H.R. 6, Reserved; which was ordered to lie on the table; as follows:

At the appropriate place, insert the following:

**SEC. ___. COALMINE GAS.**

(a) IN GENERAL.—Subpart D of part IV of subchapter A of chapter 1 of the Internal Revenue Code of 1986 (relating to business credits), as amended by this Act, is amended by adding at the end the following new section:

**''SEC. 45O. CREDIT FOR CAPTURING COALMINE GAS.**

''(a) GENERAL RULE.—For purposes of section 38, the coalmine gas capture credit for any taxable year is an amount equal to the product of—

''(1) the credit amount, and

''(2) the qualified credit coalmine gas captured which is attributable to the taxpayer.

''(b) CREDIT AMOUNT.—For purposes of this section, the credit amount is $0.517 per 1,000 cubic feet of qualified coalmine gas captured.

''(c) QUALIFIED COALMINE GAS CAPTURED.—For purposes of this section—

''(1) IN GENERAL.—The term 'qualified coalmine gas captured' means any coalmine gas which is—

''(A) captured or extracted by the taxpayer during the period –beginning after September 30, 2005, and ending before January 1, 2008, –and

''(B) utilized as a fuel source or sold by or on behalf of the taxpayer –to an unrelated person during such period.

''(2) SPECIAL RULE FOR ADVANCED EXTRACTION.—In the case of coalmine gas which is

captured in advance of coal mining operations, the credit under subsection (a) shall be allowed only after the date the coal extraction occurs in the immediate area where the coalmine gas was removed.

''(3) NONCOMPLIANCE WITH POLLUTION LAWS.—This paragraph shall not apply to the capture or extraction of coalmine gas from coal mining operations with respect to any period in which such coal mining operations are not in compliance with applicable State and Federal pollution prevention, control, and permit requirements.

''(4) DEFINITIONS.—

''(A) COALMINE GAS.—For purposes of this paragraph, the term 'coalmine gas' means any methane gas which is—

''(i) liberated during or as a result of domestic coal mining –operations, or

''(ii) extracted up to 10 years in advance of domestic coal ——mining operations as part of a specific plan to mine a coal ——deposit.''.

(b) CREDIT TREATED AS PART OF GENERAL BUSINESS CREDIT.—Section 38(b) of the Internal Revenue Code of 1986, as amended by this Act, is amended by striking ''plus'' at the end of paragraph (24), by striking the period at the end of paragraph (24) and inserting '', plus'', and by adding at the end the following new paragraph:

''(25) the coalmine gas capture credit determined under section 45O.''.

(c) CLERICAL AMENDMENT.—The table of sections for subpart D of part IV of subchapter A of chapter 1 of such Code, as amended by this Act, is amended by inserting after section 45N the following:

''Sec. 45O. Credit for capturing coalmine gas.''.

(d) EFFECTIVE DATE.—The amendments made by this section shall apply to taxable years beginning after the date of the enactment of this Act.

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**SA 972.** Mr. WARNER (for himself, Mr. ALEXANDER, and Mr. VOINOVICH) proposed an amendment to the bill H.R. 6, to ensure jobs for our future with secure, affordable, and reliable energy; as follows:

On page 327, after line 21, add the following:

**SEC. 390. GAS-ONLY LEASES; STATE REQUESTS TO EXAMINE ENERGY AREAS.**

(a) GAS-ONLY LEASES.—Section 8 of the Outer Continental Shelf Lands Act (43 U.S.C. 1337) (as amended by section 321) is amended by adding at the end the following:

''(q) GAS-ONLY LEASES.—

''(1) IN GENERAL.—The Secretary may issue a lease under this section beginning in the 2007–2012 plan period that authorizes development and production only of gas and associated condensate in accordance with regulations issued under paragraph (2).

''(2) REGULATIONS.—Not later than October 1, 2006, the Secretary shall issue regulations that, for purposes of this section—

''(A) define natural gas so that the definition—

''(i) includes—

''(I) hydrocarbons and other substances in a gaseous state at atmospheric pressure and a temperature of 60 degrees Fahrenheit;

''(II) liquids that condense from natural gas in the process of treatment, dehydration, decompression, or compression prior to the point for measuring volume and quality of the production established by the Minerals Management Service; and

''(III) natural gas liquefied for transportation; and

''(ii) excludes crude oil;

''(B) provide that gas-only leases shall contain the same rights and obligations established for oil and gas leases;

''(C) provide that, in reviewing the adequacy of bids for gas-only leases, the Minerals Management Service shall exclude the value of any crude oil estimated to be discovered within the boundaries of the leasing area;

''(D) provide for cancellation of a gas-only lease, with payment of the fair value of the lease rights canceled, if the Secretary determines that any natural gas discovered within the boundaries of the leasing area cannot be produced without causing an unacceptable waste of crude oil discovered in association with the natural gas; and

''(E) provide that, at the request and with the consent of the Governor of the State adjacent to the lease area, as determined under section 18(i)(2)(B)(i), and with the consent of the lessee, an existing gas-only lease may be converted, without an increase in the rental or royalty rate and without further payment in the nature of a lease bonus, to a lease under subsection (b), in accordance with a process, to be established by the Secretary, that requires—

''(i) consultation by the Secretary with the Governor of the State and the lessee with respect to the operating conditions of the lease, taking into consideration environmental resource conservation and recovery, economic factors, and other factors, as the Secretary determines to be relevant; and

''(ii) compliance with the National Environmental Policy Act of 1969 (42 U.S.C. 4321 et seq.).

''(3) EFFECT OF OTHER LAWS.—Any Federal law (including regulations) that applies to an oil and gas lease on the Outer Continental Shelf shall apply to a gas-only lease issued under this subsection.''.

(b) STATE REQUESTS TO EXAMINE ENERGY AREAS.—Section 18 of the Outer Continental Shelf Lands Act (43 U.S.C. 1344) is amended by adding at the end the following:

''(i) STATE REQUESTS TO EXAMINE ENERGY AREAS.—

''(1) DEFINITIONS.—In this subsection:

''(A) LEASE.—The term 'lease' includes a gas-only lease under section 8(q).

''(B) MORATORIUM AREA.—The term 'moratorium area' means—

''(i) any area withdrawn from disposition by leasing by the memorandum entitled 'Memorandum on Withdrawal of Certain Areas of the United States Outer Continental Shelf from Leasing Disposition' (34 Weekly Comp. Pres. Doc. 1111 (June 12, 1998)); and

''(ii) any area of the outer Continental Shelf as to which Congress has denied the use of appropriated funds or other means for preleasing, leasing, or related activities.

''(2) RESOURCE ESTIMATES.—

''(A) REQUESTS.—At any time, the Governor of an affected State, acting on behalf of the State, may request the Secretary to provide a current estimate of proven and potential gas, or oil and gas, resources in any moratorium area (or any part of the moratorium area the Governor identifies) adjacent to, or lying seaward of the coastline of, that State.

''(B) RESPONSE OF SECRETARY.—Not later than 45 days after the date on which the Governor of a State requests an estimate under subparagraph (A), the Secretary shall provide—

''(i) a delineation of the lateral boundaries between the coastal States, in accordance with—

''(I) any judicial decree or interstate compact delineating lateral offshore boundaries between coastal States:

''(II) any principles of domestic and international law governing the delineation of lateral offshore boundaries; and

''(III) to the maximum extent practicable, existing lease boundaries and block lines based on the official protraction diagrams of the Secretary;

''(ii) a current inventory of proven and potential gas, or oil and gas, resources in any moratorium areas within the area off the shore of a State, in accordance with the lateral boundaries delineated under clause (i), as requested by the Governor; and

''(iii) an explanation of the planning processes that could lead to the leasing, exploration, development, and production of the gas, or oil and gas, resources within the area identified.

''(3) MAKING CERTAIN AREAS AVAILABLE FOR LEASING.—

''(A) PETITION.—

''(i) IN GENERAL.—On consideration of the information received from the Secretary, the Governor (acting on behalf of the State of the Governor) may submit to the Secretary a petition requesting that the Secretary make available for leasing any portion of a moratorium area off the coast of the State, in accordance with the lateral boundaries delineated under paragraph (2)(B)(i).

''(ii) CONTENTS.—In a petition under clause (i), a Governor may request that an area described in that clause be made available for leasing under subsection (b) or (q), or both, of section 8.

''(B) ACTION BY SECRETARY.—Not later than 90 days after the date of receipt of a petition under subparagraph (A), the Secretary shall approve the petition unless the Secretary determines that leasing in the affected area presents a significant likelihood of incidents associated with the development of resources that would cause serious harm or damage to the marine resources of the area or of an adjacent State.

''(C) FAILURE TO ACT.—If the Secretary fails to approve or deny a petition in accordance with subparagraph (B), the petition shall be considered to be approved as of the date that is 90 days after the date of receipt of the petition.

''(D) TREATMENT.—Notwithstanding any other provision of this section, not later than 180 days after the date on which a petition is approved, or considered to be approved, under subparagraph (B) or (C), the Secretary shall—

''(i) treat the petition of the Governor under subparagraph (A) as a proposed revision to a leasing program under this section; and

''(ii) except as provided in subparagraph (E), expedite the revision of the 5-year outer Continental Shelf oil and gas leasing program in effect as of that date to include any lease sale for any area covered by the petition.

''(E) INCLUSION IN SUBSEQUENT PLANS.—

''(i) IN GENERAL.—If there are fewer than 18 months remaining in the 5-year outer Continental Shelf oil and gas leasing program described in subparagraph (D)(ii), the Secretary, without consultation with any State, shall include the areas covered by the petition in lease sales under the subsequent 5-year outer Continental Shelf oil and gas leasing program.

''(ii) ENVIRONMENTAL ASSESSMENT.—Before modifying a 5-Year Outer Continental Shelf Oil and Gas Leasing Program under clause (i), the Secretary shall complete an environmental assessment that describes any anticipated environmental effect of leasing in the area under the petition.

''(F) SPENDING LIMITATIONS.—Any Federal spending limitation with respect to preleasing, leasing, or a related activity in an area made available for leasing under this paragraph shall terminate as of the date on which the petition of the Governor relating to the area is approved, or considered to be approved, under subparagraph (B) or (C).

''(G) COASTAL ZONE MANAGEMENT.—For purposes of title III of the Coastal Zone Management Act of 1972 (16 U.S.C. 1451 et seq.), any activity relating to leasing and subsequent production in an area made available for leasing under this paragraph shall—

''(i) if the leased area is located more than 20 miles offshore of an adjacent State (or the boundaries of the State as delineated under paragraph (2)(B)), be considered by the Secretary of Commerce to be necessary to the interest of national security and be carried out notwithstanding the objection of a State to a consistency certification under that Act; or

''(ii) if the leased area is located not greater than 20 miles offshore of an adjacent State, be subject to section 307(c) of that Act (16 U.S.C. 1456(c)).

''(4) REVENUE SHARING.—

''(A) BONUS BIDS.—If the Governor of a State requests the Secretary to allow gas, or oil or natural gas, leasing in the moratorium area and the Secretary allows that leasing, the State shall, without further appropriation or action, receive 25 percent of any bonus bid paid for leasing rights in the area.

''(B) POST LEASING REVENUES.—In addition to bonus bids under subparagraph (A), a State described in subparagraph (A) shall receive 25 percent of—

''(i) any lease rental minimum royalty;

''(ii) any royalty proceeds from a sale of royalties taken in kind by the Secretary; and

''(iii) any other revenues from a bidding system under section 8.

''(C) CONSERVATION ROYALTIES.—After making distributions in accordance with subparagraphs (A) and (B), and in accordance with section 31, the Secretary, in coordination with the Governor of a State, shall, without further appropriation or action, distribute a conservation royalty of 12.5 percent of Federal royalty revenues in an area leased under this section, not to exceed $1,250,000,000 for any year, to 1 or more of the following:

''(i) The Coastal and Estuary Habitat Restoration Trust Fund.

''(ii) The wildlife restoration fund established under section 3 of the Pittman–Robertson Wildlife Restoration Act (16 U.S.C. 669b).

''(iii) The Land and Water Conservation Fund to provide financial assistance to States under section 6 of that Act (16 U.S.C. 460*l*–8).

''(5) APPLICATION.—This subsection shall not apply to—

''(A) any area designated as a national marine sanctuary or a national wildlife refuge;

''(B) the Lease Sale 181 planning area;

''(C) any area not included in the outer Continental Shelf;

''(D) the Great Lakes, as defined in section 118(a)(3) of the Federal Water Pollution Control Act (33 U.S.C. 1268(a)(3));

''(E) the eastern coast of the State of Florida; OR

''(F) Bristol Bay.''.

(c) GREAT LAKES OIL AND GAS DRILLING BAN.—No Federal or State permit or lease shall be issued for new oil and gas slant, directional, or offshore drilling in or under 1 or more of the Great Lakes (as defined in section 118(a)(3) of the Federal Water Pollution Control Act (33 U.S.C. 1268(a)(3))).

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**SA 973.** Mr. NELSON of Florida submitted an amendment intended to be proposed by him to the bill H.R. 6, to ensure jobs for our future with secure, affordable, and reliable energy; which was ordered to lie on the table; as follows:

On page 12, strike line 16 and insert the following:

''(5) PROHIBITION.—No exploration or production activities under this subsection may be carried out within 100 nautical miles of a national park, national seashore, national military park, national marine sanctuary, location listed on the National Register of Historic Places, or State park facility.

''(6) APPLICATION.—This subsection shall not

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**SA 974.** Mr. NELSON of Florida submitted an amendment intended to be proposed by him to the bill H.R. 6, to ensure jobs for our future with secure, affordable, and reliable energy; which was ordered to lie on the table; as follows:

Beginning on page 11, strike line 3 and all that follows through page 12, line 15 and insert the following:

''(4) USE OF REVENUE.—If the Governor of a State requests the Secretary to allow gas, or oil or natural gas, leasing in the moratorium area, and the Secretary allows that leasing, any additional revenue raised by the leasing shall be deposited in the general fund of the Treasury for purposes of deficit reduction.

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**SA 975.** Mr. NELSON of Florida submitted an amendment intended to be proposed by him to the bill H.R. 6, to ensure jobs for our future with secure, affordable, and reliable energy; which was ordered to lie on the table; as follows:

On page 12, strike line 16 and insert the following:

''(5) PROHIBITION.—No exploration or production activities under this subsection may be carried out within 100 nautical miles of a military training area.

''(6) APPLICATION.—This subsection shall not

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**SA 976.** Mr. NELSON of Florida submitted an amendment intended to be proposed by him to the bill H.R. 6, to ensure jobs for our future with secure, affordable, and reliable energy; which was ordered to lie on the table; as follows:

On page 12, strike line 16 and insert the following:

''(5) LIABILITY.—Any person that conducts exploration or production activities in accordance with a gas, or oil or natural gas, lease under this subsection shall be liable for any environmental or economic damages that result from those activities.

''(6) APPLICATION.—This subsection shall not

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**SA 977.** Mr. SNOWE submitted an amendment intended to be proposed to amendment SA 825 submitted by Mr. KERRY and intended to be proposed to the bill H.R. 6, to ensure jobs for our future with secure, affordable, and reliable energy; which was ordered to lie on the table; as follows:

At the end of the amendment, add the following:

(f) AUTHORITY TO PROVIDE DISASTER ASSISTANCE TO AQUACULTURE ENTERPRISES.—Section 18(b)(1) of the Small Business Act (15 U.S.C. 647(b)(1)) is amended—

(1) by striking ''aquaculture,''; and

(2) by inserting before the semicolon at the end '', other than aquaculture''.

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**SA 978.** Mr. FRIST (for Mr. CONRAD (for himself, Mr. DURBIN, and Ms. STABENOW)) proposed an amendment to the bill H.R. 6, to ensure jobs for our future with secure, affordable, and reliable energy; as follows:

On page 767, strike lines 6 through 15, and insert the following:

(D) facilities that—

(i) generate 1 or more hydrogen-rich and carbon monoxide-rich product streams from the gasification of coal or coal waste; and

(ii) use those streams to facilitate the production of ultra clean premium fuels through the Fischer-Tropsch process.

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**SA 979.** Mr. FRIST (for Mr. HATCH (for himself and Mr. SALAZAR)) proposed an amendment to the bill H.R. 6, to ensure jobs for our future with secure, affordable, and reliable energy; as follows:

Beginning on page 290, strike line 6 and all that follows through page 296, line 25, and insert the following:

**SEC. 346. OIL SHALE AND TAR SANDS.**

(a) DECLARATION OF POLICY.—Congress declares that it is the policy of the United States that—

(1) United States oil shale and tar sands are strategically important domestic resources that should be developed through methods that help reduce the growing dependence of the United States on politically and economically unstable sources of foreign oil imports;

(2) the development of oil shale and tar sands, for research and commercial development, should be conducted in an economically feasible and environmentally sound manner, using practices that minimize impacts;

(3) development should occur at a deliberate pace, with an emphasis on sustainability, to benefit the United States while taking into account affected States and communities; and

(4) the Secretary of the Interior should work toward developing a commercial leasing program for oil shale and tar sands so that such a program can be implemented when production technologies are commercially viable.

(b) LEASING PROGRAM.—

(1) RESEARCH AND DEVELOPMENT.—

(A) IN GENERAL.—In accordance with section 21 of the Mineral Leasing Act (30 U.S.C. 241) and any other applicable law, except as provided in this section, not later than 1 year after the date of enactment of this Act, from land otherwise available for leasing, the Secretary of the Interior (referred to in this section as the ''Secretary'') shall, for a period determined by the Secretary, make available for leasing such land as the Secretary considers to be necessary to conduct research and development activities with respect to innovative technologies for the recovery of shale oil from oil shale resources on public land.

(B) APPLICATION.—The Secretary may offer to lease the land to persons that submit an application for the lease, if the Secretary determines that there is no competitive interest in the land.

(C) ADMINISTRATION.—In carrying out this paragraph, the Secretary shall—

(i) provide for environmentally sound research and development of oil shale;

(ii) provide for an appropriate return to the public, as determined by the Secretary;

(iii) before carrying out any activity that will disturb the surface of land, provide for an adequate bond, surety, or other financial arrangement to ensure reclamation;

(iv) provide for a primary lease term of 10 years, after which the lease term may be extended if the Secretary determines that diligent research and development activities are occurring on the land leased;

(v) require the owner or operator of a project under this subsection, within such period as the Secretary may determine—

(I) to submit a plan of operations;

(II) to develop an environmental protection plan; and

(III) to undertake diligent research and development activities;

(vi) ensure that leases under this section are not larger than necessary to conduct research and development activities under an application under subparagraph (B);

(vii) provide for consultation with affected State and local governments; and

(viii) provide for such requirements as the Secretary determines to be in the public interest.

(2) COMMERCIAL LEASING.—Prior to conducting commercial leasing, the Secretary shall carry out—

(A) the programmatic environmental impact statement required under subsection (c); and

(B) the analysis required under subsection (d).

(3) MONEYS RECEIVED.—Any moneys received from a leasing activity under this subsection shall be paid in accordance with section 35 of the Mineral Leasing Act (30 U.S.C. 191).

(c) PROGRAMMATIC ENVIRONMENTAL IMPACT STATEMENT.—Not later than 18 months after the date of enactment of this Act, in accordance with section 102(2)(C) of the National Environmental Policy Act of 1969 (42 U.S.C. 4332(2)(C)), the Secretary shall complete a programmatic environmental impact statement that analyzes potential leasing for commercial development of oil shale resources on public land.

(d) ANALYSIS OF POTENTIAL LEASING PROGRAM.—

(1) IN GENERAL.—Not later than 18 months after the date of enactment of this Act, the Secretary shall submit to Congress a report (including recommendations) analyzing a potential leasing program for the commercial development of oil shale on public land.

(2) INCLUSIONS.—The report under paragraph (1) shall include—

(A) an analysis of technologies and research and development programs for the production of oil and other materials from oil shale and tar sands in existence on the date on which the report is prepared;

(B) an analysis of—

(i) whether leases under the program should be issued on a competitive basis;

(ii) the term of the leases;

(iii) the maximum size of the leases;

(iv) the use and distribution of bonus bid lease payments;

(v) the royalty rate to be applied, including whether a sliding scale royalty rate should be used;

(vi) whether an opportunity should be provided to convert research and development leases into leases for commercial development, including the terms and conditions that should apply to the conversion;

(vii) the maximum number of leases and maximum acreage to be leased under the leasing program to an individual; and

(viii) any infrastructure required to support oil shale development in industry and communities;

(C) an identification of events that should serve as a precursor to commercial leasing, including development of environmentally and commercially viable technologies, and the completion of land use planning and environmental reviews; and

(D) an analysis, developed in conjunction with the appropriate State water resource agencies, of the demand for, and availability of, water with respect to the development of oil shale and tar sands.

(3) PUBLIC PARTICIPATION.—In preparing the report under this subsection, the Secretary shall provide notice to, and solicit comment from—

(A) the public;

(B) representatives of local governments;

(C) representatives of industry; and

(D) other interested parties.

(4) PARTICIPATION BY CERTAIN STATES.—In preparing the report under this subsection, the Secretary shall—

(A) provide notice to, and solicit comment from, the Governors of the States of Colorado, Utah, and Wyoming; and

(B) incorporate into the report submitted to Congress under paragraph (1) any response of the Secretary to those comments.

(e) OIL SHALE AND TAR SANDS TASK FORCE.—

(1) ESTABLISHMENT.—The Secretary of Energy, in cooperation with the Secretary of the Interior, shall establish an Oil Shale and Tar Sands Task Force to develop a program to coordinate and accelerate the commercial development of oil shale and tar sands in an integrated manner.

(2) COMPOSITION.—The Task Force shall be composed of—

(A) the Secretary of Energy (or the designee of the Secretary of Energy);

(B) the Secretary of Defense (or the designee of the Secretary of Defense);

(C) the Secretary of the Interior (or the designee of the Secretary of the Interior);

(D) the Governors of the affected States; and

(E) representatives of local governments in affected areas.

(3) DEVELOPMENT OF A 5-YEAR PLAN.—

(A) IN GENERAL.—The Task Force shall formulate a 5-year plan to promote the development of oil shale and tar sands.

(B) COMPONENTS.—In formulating the plan, the Task Force shall—

(i) identify public actions that are required to stimulate prudent development of oil shale and tar sands;

(ii) analyze the costs and benefits of those actions;

(iii) make recommendations concerning specific actions that should be taken to stimulate prudent development of oil shale and tar sands, including economic, investment, tax, technology, research and development, infrastructure, environmental, education, and socio-economic actions;

(iv) consult with representatives of industry and other stakeholders;

(v) provide notice and opportunity for public comment on the plan;

(vi) identify oil shale and tar sands technologies that—

(I) are ready for pilot plant and semiworks development; and

(II) have a high probability of leading to advanced technology for first- or second-generation commercial production; and

(vii) assess the availability of water from the Green River Formation to meet the potential needs of oil shale and tar sands development.

(4) NATIONAL PROGRAM OFFICE.—The Task Force shall analyze and make recommendations regarding the need for a national program office to administer the plan.

(5) PARTNERSHIP.—The Task Force shall recommend whether to initiate a partnership with Alberta, Canada, for purposes of sharing information relating to the development and production of oil from tar sands.

(6) REPORTS.—

(A) INITIAL REPORT.—Not later than 180 days after the date of enactment of this Act, the Task Force shall submit to the President and Congress a report that describes the analysis and recommendations of the Task Force and contains the 5-year plan.

(B) SUBSEQUENT REPORTS.—The Secretary of Energy shall provide an annual report describing the progress in carrying out the plan for each of the 5 years following submission of the report provided for in subparagraph (A).

(f) MINERAL LEASING ACT AMENDMENTS.—Section 21(a) of the Mineral Leasing Act (30 U.S.C. 241(a)) is amended—

(1) by designating the first, second, and third sentences as paragraphs (1), (2), and (3), respectively; and

(2) in paragraph (3) (as designated by paragraph (1))—

(A) by striking ''rate of 50 cents per acre'' and inserting ''rate of $2.00 per acre''; and

(B) in the last proviso—

(i) by striking ''That not more than one lease shall be granted under this section to any'' and inserting ''That no''; and

(ii) by striking ''except that with respect to leases for'' and inserting ''shall acquire or hold more than 25,000 acres of oil shale leases in the United States. For''.

(g) COST-SHARED DEMONSTRATION TECHNOLOGIES.—

(1) IDENTIFICATION.—The Secretary of Energy shall identify technologies for the development of oil shale and tar sands that—

(A) are ready for demonstration at a commercially-representative scale; and

(B) have a high probability of leading to commercial production.

(2) ASSISTANCE.—For each technology identified under paragraph (1), the Secretary of Energy may provide—

(A) technical assistance;

(B) assistance in meeting environmental and regulatory requirements; and

(C) cost-sharing assistance in accordance with section 1002.

(h) TECHNICAL ASSISTANCE.—

(1) IN GENERAL.—The Secretary of Energy may provide technical assistance for the purpose of overcoming technical challenges to the development of oil shale and tar sands technologies for application in the United States.

(2) ADMINISTRATION.—The Secretary of Energy may provide technical assistance under this section on a cost-shared basis in accordance with section 1002.

(i) NATIONAL OIL SHALE ASSESSMENT.—

(1) ASSESSMENT.—

(A) IN GENERAL.—The Secretary shall carry out a national assessment of oil shale resources for the purposes of evaluating and mapping oil shale deposits, in the geographic areas described in subparagraph (B).

(B) GEOGRAPHIC AREAS.—The geographic areas referred to in subparagraph (A), listed in the order in which the Secretary shall assign priority, are—

(i) the Green River Region of the States of Colorado, Utah, and Wyoming;

(ii) the Devonian oil shales of the eastern United States; and

(iii) any remaining area in the central and western United States (including the State of Alaska) that contains oil shale, as determined by the Secretary.

(2) USE OF STATE SURVEYS AND UNIVERSITIES.—In carrying out the assessment under paragraph (1), the Secretary may request assistance from any State-administered geological survey or university.

(j) STATE WATER RIGHTS.—Nothing in this section preempts or affects any State water law or interstate compact relating to water.

(k) AUTHORIZATION OF APPROPRIATIONS.—There are authorized to be appropriated such sums as are necessary to carry out this section.

**SA 980.** Mr. FRIST (for Ms. STABENOW (for herself, Mrs. BOXER, and Mr. DORGAN)) proposed an amendment to the bill H.R. 6, to ensure jobs for our future with secure, affordable, and reliable energy; as follows:

At the appropriate place, insert the following:

**SEC. ___. INVESTIGATION OF GASOLINE PRICES.**

(a) INVESTIGATION.—Not later than 90 days after the date of enactment of this Act, the Federal Trade Commission shall conduct an investigation to determine if the price of gasoline is being artificially manipulated by reducing refinery capacity or by any other form of market manipulation or price gouging practices.

(b) EVALUATION AND ANALYSIS.—The Secretary shall direct the National Petroleum Council to conduct an evaluation and analysis to determine whether, and to what extent, environmental and other regulations affect new domestic refinery construction and significant expansion of existing refinery capacity.

(c) REPORTS TO CONGRESS.—

(1) INVESTIGATION.—On completion of the investigation under subsection (a), the Federal Trade Commission shall submit to Congress a report that describes—

(A) the results of the investigation; and

(B) any recommendations of the Federal Trade Commission.

(2) EVALUATION AND ANALYSIS.—On completion of the evaluation and analysis under subsection (b), the Secretary shall submit to Congress a report that describes—

(A) the results of the evaluation and analysis; and

(B) any recommendations of the National Petroleum Council.

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**SA 981.** Mr. FRIST (for Mr. KOHL (for himself, Mr. DEWINE, and Mr. LIEBERMAN)) proposed an amendment to the bill H.R. 6, to ensure jobs for our future with secure, affordable, and reliable energy; as follows:

On page 53, strike lines 4 through 8 and insert the following:

Small Business Administration shall make program information available directly to small businesses and through other Federal agencies, including the Federal Emergency Management Agency and the Department of Agriculture, and coordinate assistance with the Secretary of Commerce for manufacturing-related efforts, including the Manufacturing Extension Partnership Program.''.

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**SA 982.** Mr. FRIST (for Mr. ALEXANDER) proposed an amendment to the bill H.R. 6, to ensure jobs for our future with secure, affordable, and reliable energy; as follows:

On page 755, after line 25, add the following:

**SEC. 13___. STUDY OF BEST MANAGEMENT PRACTICES FOR ENERGY RESEARCH AND DEVELOPMENT PROGRAMS.**

(a) IN GENERAL.—The Secretary shall enter into an arrangement with the National Academy of Public Administration under which the Academy shall conduct a study to assess management practices for research, development, and demonstration programs at the Department.

(b) SCOPE OF THE STUDY.—The study shall consider—

(1) management practices that act as barriers between the Office of Science and offices conducting mission-oriented research;

(2) recommendations for management practices that would improve coordination and bridge the innovation gap between the Office of Science and offices conducting mission-oriented research;

(3) the applicability of the management practices used by the Department of Defense Advanced Research Programs Agency to research programs at the Department;

(4) the advisability of creating an agency within the Department modeled after the Department of Defense Advanced Research Projects Agency;

(5) recommendations for management practices that could best encourage innovative research and efficiency at the Department; and

(6) any other relevant considerations.

(c) REPORT.—Not later than 18 months after the date of enactment of this Act, the Secretary shall submit to Congress a report on the study conducted under this section.

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**SA 983.** Mr. FRIST (for Mr. JEFFORDS) proposed an amendment to the bill H.R. 6, to ensure jobs for our future with secure, affordable, and reliable energy; as follows:

On page 131, line 20, insert ''livestock methane,'' after ''landfill gas,''.

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**SA 984.** Mr. FRIST (for Mr. CORNYN) proposed an amendment to the bill H.R. 6, to ensure jobs for our future with secure, affordable, and reliable energy; as follows:

On page 517, after line 22, insert the following:

**SEC. 9___. LOW-VOLUME GAS RESERVOIR RESEARCH PROGRAM.**

(a) DEFINITIONS OF GIS.—In this section, the term ''GIS'' means geographic information systems technology that facilitates the organization and management of data with a geographic component.

(b) PROGRAM.—The Secretary shall establish a program of research, development, demonstration, and commercial application to maximize the productive capacity of marginal wells and reservoirs.

(c) DATA COLLECTION.—Under the program, the Secretary shall collect data on—

(1) the status and location of marginal wells and gas reservoirs;

(2) the production capacity of marginal wells and gas reservoirs;

(3) the location of low-pressure gathering facilities and pipelines; and

(4) the quantity of natural gas vented or flared in association with crude oil production.

(d) ANALYSIS.—Under the program, the Secretary shall—

(1) estimate the remaining producible reserves based on variable pipeline pressures; and

(2) recommend measures that will enable the continued production of those resources.

(e) STUDY.—

(1) IN GENERAL.—The Secretary may award a grant to an organization of States that contain significant numbers of marginal oil and natural gas wells to conduct an annual study of low-volume natural gas reservoirs.

(2) ORGANIZATION WITH NO GIS CAPABILITIES.—If an organization receiving a grant under paragraph (1) does not have GIS capabilities, the organization shall contract with an institution of higher education with GIS capabilities.

(3) STATE GEOLOGISTS.—The organization receiving a grant under paragraph (1) shall collaborate with the State geologist of each State being studied.

(f) PUBLIC INFORMATION.—The Secretary may use the data collected and analyzed under this section to produce maps and literature to disseminate to States to promote conservation of natural gas reserves.

(g) AUTHORIZATION OF APPROPRIATIONS.—There are authorized to be appropriated to the Secretary to carry out this section—

(1) $1,500,000 for fiscal year 2006; and

(2) $450,000 for each of fiscal years 2007 and 2008.

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**SA 985.** Mr. FRIST (for Mrs. HUTCHISON) proposed an amendment to the bill H.R. 6, to ensure jobs for our future with secure, affordable, and reliable energy; as follows:

On page 767, between lines 21 and 22, insert the following:

(3) PETROLEUM COKE GASIFICATION PROJECTS.—The Secretary is encouraged to make loan guarantees under this title available for petroleum coke gasification projects.

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**SA 986.** Mr. FRIST (for Mr. JEFFORDS) proposed an amendment to the bill H.R. 6, to ensure jobs for our future with secure, affordable, and reliable energy; as follows:

On page 159, after line 23, add the following:

**SEC. _____. RURAL AND REMOTE COMMUNITY ELECTRIFICATION GRANTS.**

The Public Utility Regulatory Policies Act of 1978 (16 U.S.C. 2601 et seq.) is amended in title VI by adding at the end the following:

**''SEC. 609. RURAL AND REMOTE COMMUNITIES ELECTRIFICATION GRANTS.**

''(a) DEFINITIONS.—In this section:

''(1) The term 'eligible grantee' means a local government or municipality, peoples' utility district, irrigation district, and cooperative, nonprofit, or limited-dividend association in a rural area.

''(2) The term 'incremental hydropower' means additional generation achieved from increased efficiency after January 1, 2005, at a hydroelectric dam that was placed in service before January 1, 2005.

''(3) The term 'renewable energy' means electricity generated from—

''(A) a renewable energy source; or

''(B) hydrogen, other than hydrogen produced from a fossil fuel, that is produced from a renewable energy source.

''(4) The term 'renewable energy source' means—

''(A) wind;

''(B) ocean waves;

''(C) biomass;

''(D) solar

''(E) landfill gas;

''(F) incremental hydropower;

''(G) livestock methane; or

''(H) geothermal energy.

''(5) The term 'rural area' means a city, town, or unincorporated area that has a population of not more than 10,000 inhabitants.

''(b) GRANTS.—The Secretary, in consultation with the Secretary of Agriculture and the Secretary of the Interior, may provide grants under this section to eligible grantees for the purpose of—

''(1) increasing energy efficiency, siting or upgrading transmission and distribution lines serving rural areas,; or

''(2) providing or modernizing electric generation facilities that serve rural areas.

''(c) GRANT ADMINISTRATION.—(1) The Secretary shall make grants under this section based on a determination of cost-effectiveness and the most effective use of the funds to achieve the purposes described in subsection (b).

''(2) For each fiscal year, the Secretary shall allocate grant funds under this section equally between the purposes described in paragraphs (1) and (2) of subsection (b).

''(3) In making grants for the purposes described in subsection (b)(2), the Secretary

shall give preference to renewable energy facilities.

''(d) AUTHORIZATION OF APPROPRIATIONS.—There is authorized to be appropriated to the Secretary to carry out this section $20,000,000 for each of fiscal years 2006 through 2012.''.

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**SA 987.** Mr. FRIST (for Mr. ALEXANDER) proposed an amendment to the bill H.R. 6, to ensure jobs for our future with secure, affordable, and reliable energy; as follows:

On page 755, after line 25, add the following:

**SEC. 13___. PASSIVE SOLAR TECHNOLOGIES.**

(a) DEFINITION OF PASSIVE SOLAR TECHNOLOGY.—In this section, the term ''passive solar technology'' means a passive solar technology, including daylighting, that—

(1) is used exclusively to avoid electricity use; and

(2) can be metered to determine energy savings.

(b) STUDY.—The Secretary shall conduct a study to determine—

(1) the range of levelized costs of avoided electricity for passive solar technologies;

(2) the quantity of electricity displaced using passive solar technologies in the United States as of the date of enactment of this Act; and

(3) the projected energy savings from passive solar technologies in 5, 10, 15, 20, and 25 years after the date of enactment of this Act if—

(A) incentives comparable to the incentives provided for electricity generation technologies were provided for passive solar technologies; and

(B) no new incentives for passive solar technologies were provided.

(c) REPORT.—Not later than 120 days after the date of enactment of this Act, the Secretary shall submit to Congress a report that describes the results of the study under subsection (b).

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**SA 988.** Mr. FRIST (for Mr. HARKIN) proposed an amendment to the bill H.R. 6, to ensure jobs for our future with secure, affordable, and reliable energy; as follows:

On page 489, between lines 20 and 21, insert the following:

**SEC. 9____. HYDROGEN INTERMEDIATE FUELS RESEARCH PROGRAM.**

(a) IN GENERAL.—The Secretary, in coordination with the Secretary of Agriculture, shall carry out a 3-year program of research, development, and demonstration on the use of ethanol and other low-cost transportable renewable feedstocks as intermediate fuels for the safe, energy efficient, and cost-effective transportation of hydrogen.

(b) GOALS.—The goals of the program shall include—

(1) demonstrating the cost-effective conversion of ethanol or other low-cost transportable renewable feedstocks to pure hydrogen suitable for eventual use in fuel cells;

(2) using existing commercial reforming technology or modest modifications of existing technology to reform ethanol or other low-cost transportable renewable feedstocks into hydrogen;

(3) converting at least 1 commercially available internal combustion engine hybrid electric passenger vehicle to operate on hydrogen;

(4) not later than 1 year after the date on which the program begins, installing and operating an ethanol reformer, or reformer for another low-cost transportable renewable feedstock (including onsite hydrogen compression, storage, and dispensing), at the facilities of a fleet operator;

(5) operating the 1 or more vehicles described in paragraph (3) for a period of at least 2 years; and

(6) collecting emissions and fuel economy data on the 1 or more vehicles described in paragraph (3) in various operating and environmental conditions.

(c) AUTHORIZATION OF APPROPRIATIONS.—There is authorized to be appropriated to carry out this section $5,000,000.

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**SA 989.** Mr. FRIST (for Mr. DOMENICI) proposed an amendment to the bill H.R. 6, to ensure jobs for our future with secure, affordable, and reliable energy; as follows:

On page 11, between lines 10 and 11, insert the following:

(O) Savannah River National Laboratory.

On page 11, line 11, strike ''(O)'' and insert ''(P)''.

On page 11, line 12, strike ''(P)'' and insert ''(Q)''.

Beginning on page 47, strike line 11 and all that follows through page 49, line 4, and insert the following:

**SEC. 127. STATE BUILDING ENERGY EFFICIENCY CODES INCENTIVES.**

Section 304(e) of the Energy Conservation and Production Act (42 U.S.C. 6833(e)) is amended—

(1) in paragraph (1), by inserting before the period at the end of the first sentence the following: '', including increasing and verifying compliance with such codes''; and

(2) by striking paragraph (2) and inserting the following:

''(2) Additional funding shall be provided under this subsection for implementation of a plan to achieve and document at least a 90 percent rate of compliance with residential and commercial building energy efficiency codes, based on energy performance—

''(A) to a State that has adopted and is implementing, on a statewide basis—

''(i) a residential building energy efficiency code that meets or exceeds the requirements of the 2004 International Energy Conservation Code, or any succeeding version of that code that has received an affirmative determination from the Secretary under subsection (a)(5)(A); and

''(ii) a commercial building energy efficiency code that meets or exceeds the requirements of the ASHRAE Standard 90.1–2004, or any succeeding version of that standard that has received an affirmative determination from the Secretary under subsection (b)(2)(A); or

''(B) in a State in which there is no statewide energy code either for residential buildings or for commercial buildings, to a local government that has adopted and is implementing residential and commercial building energy efficiency codes, as described in subparagraph (A).

''(3) Of the amounts made available under this subsection, the Secretary may use $500,000 for each fiscal year to train State and local officials to implement codes described in paragraph (2).

''(4)(A) There are authorized to be appropriated to carry out this subsection—

''(i) $25,000,000 for each of fiscal years 2006 through 2010; and

''(ii) such sums as are necessary for fiscal year 2011 and each fiscal year thereafter.

''(B) Funding provided to States under paragraph (2) for each fiscal year shall not exceed ½ of the excess of funding under this subsection over $5,000,000 for the fiscal year.''.

On page 76, lines 9 and 10, strike ''January 1, 2006'' and insert ''January 1, 2007''.

On page 234, strike lines 23 through 25, and insert the following:

(20) by striking ''section 104(b) of the Naval Petroleum Reserves Production Act of 1976 (90 Stat. 304; 42 U.S.C. 6504)'' and inserting ''section 104(a)''; and

On page 296, after line 25, add the following:

**SEC. 347. FINGER LAKES WITHDRAWAL.**

All Federal land within the boundary of Finger Lakes National Forest in the State of New York is withdrawn from—

(1) all forms of entry, appropriation, or disposal under the public land laws; and

(2) disposition under all laws relating to oil and gas leasing.

On page 321, line 18, insert ''by the Commission'' after ''request''.

On page 353, strike lines 19 through 24 and insert the following:

on Indian land;

''(C) provide low-interest loans to Indian tribes and tribal energy resource development organizations for use in the promotion of energy resource development on Indian land and integration of energy resources; and

''(D) provide grants and technical assistance to an appropriate tribal environmental organization, as determined by the Secretary, that represents multiple Indian tribes to establish a national resource center to develop tribal capacity to establish and carry out tribal environmental programs in support of energy-related programs and activities under this title, including—

''(i) training programs for tribal environmental officials, program managers, and other governmental representatives;

''(ii) the development of model environmental policies and tribal laws, including tribal environmental review codes, and the creation and maintenance of a clearinghouse of best environmental management practices; and

''(iii) recommended standards for reviewing the implementation of tribal environmental laws and policies within tribal judicial or other tribal appeals systems.

On page 356, between lines 15 and 16, insert the following:

''(C) In providing a grant under this subsection for an activity to provide, or expand the provision of, electricity on Indian land, the Director shall encourage cooperative arrangements between Indian tribes and utilities that provide service to Indian tribes, as the Director determines to be appropriate.

On page 357, line 6, insert ''(A)'' after ''(2)''.

On page 357, between lines 16 and 17, insert the following:

''(B) In providing a loan guarantee under this subsection for an activity to provide, or expand the provision of, electricity on Indian land, the Secretary of Energy shall encourage cooperative arrangements between Indian tribes and utilities that provide service to Indian tribes, as the Secretary determines to be appropriate.

On page 488, strike lines 5 through 9 and insert the following:

(a) DEFINITION OF LIGNOCELLULOSIC FEEDSTOCK.—In this section, the term ''lignocellulosic feedstock'' means any portion of a plant or coproduct from conversion, including crops, trees, and agricultural and forest residues not specifically grown for food.

On page 489, line 3, strike ''cellulosic feedstocks'' and insert ''lignocellulosic feedstocks''.

On page 489, lines 11 and 12, strike ''cellulosic feedstocks'' and insert ''lignocellulosic feedstocks''.

On page 503, strike lines 22 through 24.

On page 504, line 1, strike ''(2)'' and insert ''(1)''.

On page 504, strike lines 4 through 7 and insert the following:

(2) For activities under section 955—

(A) $337,000,000 for fiscal year 2006;

(B) $364,000,000 for fiscal year 2007; and

(C) $394,000,000 for fiscal year 2008.

(3) For activities under section 956—

(A) $20,000,000 for fiscal year 2006;

(B) $25,000,000 for fiscal year 2007; and

(C) $30,000,000 for fiscal year 2008.

On page 504, line 24, strike ''(b)(2)'' and insert ''(b)(1)''.

Beginning on page 505, strike lines 17 and all that follows through page 506, line 2.

On page 506, line 3, strike ''(c)'' and insert ''(b)''.

On page 506, line 11, strike ''(d)'' and insert ''(c)''.

Beginning on page 519, strike line 9 and all that follows through page 523, line 6, and insert the following:

**SEC. 955. COAL AND RELATED TECHNOLOGIES PROGRAM.**

(a) IN GENERAL.—In addition to the programs authorized under title IV, the Secretary shall conduct a program of technology research, development, and demonstration and commercial application for coal and power systems, including programs to facilitate production and generation of coal-based power through—

(1) innovations for existing plants (including mercury removal);

(2) gasification systems;

(3) advanced combustion systems;

(4) turbines for synthesis gas derived from coal;

(5) carbon capture and sequestration research and development;

(6) coal-derived chemicals and transportation fuels;

(7) liquid fuels derived from low rank coal water;

(8) solid fuels and feedstocks;

(9) advanced coal-related research;

(10) advanced separation technologies; and

(11) fuel cells for the operation of synthesis gas derived from coal.

(b) COST AND PERFORMANCE GOALS.—

(1) IN GENERAL.—In carrying out programs authorized by this section, the Secretary shall identify cost and performance goals for coal-based technologies that would permit the continued cost-competitive use of coal for the production of electricity, chemical feedstocks, and transportation fuels in 2008, 2010, 2012, and 2016, and each calendar year beginning after September 30, 2021.

(2) ADMINISTRATION.—In establishing the cost and performance goals, the Secretary shall—

(A) consider activities and studies undertaken as of the date of enactment of this Act by industry in cooperation with the Department in support of the identification of the goals;

(B) consult with interested entities, including—

(i) coal producers;

(ii) industries using coal;

(iii) organizations that promote coal and advanced coal technologies;

(iv) environmental organizations;

(v) organizations representing workers; and

(vi) organizations representing consumers;

(C) not later than 120 days after the date of enactment of this Act, publish in the Federal Register proposed draft cost and performance goals for public comments; and

(D) not later than 180 days after the date of enactment of this Act and every 4 years thereafter, submit to Congress a report describing the final cost and performance goals for the technologies that includes—

(i) a list of technical milestones; and

(ii) an explanation of how programs authorized in this section will not duplicate the activities authorized under the Clean Coal Power Initiative authorized under title IV.

(c) POWDER RIVER BASIN AND FORT UNION LIGNITE COAL MERCURY REMOVAL.—

(1) IN GENERAL.—In addition to the programs authorized by subsection (a), the Secretary may establish a program to test and develop technologies to control and remove mercury emissions from subbituminous coal mined in the Powder River Basin, and Fort Union lignite coals, that are used for the generation of electricity.

(2) EFFICACY OF MERCURY REMOVAL TECHNOLOGY.—In carrying out the program under paragraph (1), the Secretary shall examine the efficacy of mercury removal technologies on coals described in that paragraph that are blended with other types of coal.

**SEC. 956. CARBON CAPTURE RESEARCH AND DEVELOPMENT PROGRAM.**

(a) IN GENERAL.—The Secretary shall carry out a 10-year carbon capture research and development program to develop carbon dioxide capture technologies on combustion-based systems for use—

(1) in new coal utilization facilities; and

(2) on the fleet of coal-based units in existence on the date of enactment of this Act.

(b) OBJECTIVES.—The objectives of the program under subsection (a) shall be—

(1) to develop carbon dioxide capture technologies, including adsorption and absorption techniques and chemical processes, to remove the carbon dioxide from gas streams containing carbon dioxide potentially amenable to sequestration;

(2) to develop technologies that would directly produce concentrated streams of carbon dioxide potentially amenable to sequestration;

(3) to increase the efficiency of the overall system to reduce the quantity of carbon dioxide emissions released from the system per megawatt generated; and

(4) in accordance with the carbon dioxide capture program, to promote a robust carbon sequestration program and continue the work of the Department, in conjunction with the private sector, through regional carbon sequestration partnerships.

On page 522, between lines 8 and 9, insert the following:

(d) FUEL CELLS.—

(1) IN GENERAL.—The Secretary shall conduct a program of research, development, demonstration, and commercial application on fuel cells for low-cost, high-efficiency, fuel-flexible, modular power systems.

(2) DEMONSTRATIONS.—The demonstrations referred to in paragraph (1) shall include solid oxide fuel cell technology for commercial, residential, and transportation applications, and distributed generation systems, using improved manufacturing production and processes.

On page 558, beginning on line 22, strike ''of the Senate'' and all that follows through ''Commerce'' on line 23 and insert ''and the Committee on Foreign Relations of the Senate and the Committee on Energy and Commerce and the Committee on International Relations''.

On page 595, between lines 4 and 5, insert the following:

(2) REPORT ON TRENDS.—Not later than 1 year after the date of enactment of this Act, the Secretary shall submit to Congress a report on current trends under paragraph (1), with recommendations (as appropriate) to meet the future labor requirements for the energy technology industries.

On page 595, line 5, strike ''(2) REPORT.—As'' and insert the following:

(3) REPORT ON SHORTAGE.—As

On page 596, strike line 22 and all that follows through page 597, line 20, and insert the following:

**SEC. 1103. EDUCATIONAL PROGRAMS IN SCIENCE AND MATHEMATICS.**

(a) SCIENCE EDUCATION ENHANCEMENT FUND.—Section 3164 of the Department of Energy Science Education Enhancement Act (42 U.S.C. 7381a) is amended by adding at the end:

''(c) SCIENCE EDUCATION ENHANCEMENT FUND.—The Secretary shall use not less than 0.2 percent of the amount made available to the Department for fiscal year 2006 and each fiscal year thereafter to carry out activities authorized by this part.''.

(b) AUTHORIZED EDUCATION ACTIVITIES.—Section 3165 of the Department of Energy Science Education Enhancement Act (42 U.S.C. 7381b) is amended by adding at the end the following:

''(14) Support competitive events for students under the supervision of teachers, designed to encourage student interest and knowledge in science and mathematics.

''(15) Support competitively-awarded, peer-reviewed programs to promote professional development for mathematics teachers and science teachers who teach in grades from kindergarten through grade 12 at Department research and development facilities.

''(16) Support summer internships at Department research and development facilities, for mathematics teachers and science teachers who teach in grades from kindergarten through grade 12.

''(17) Sponsor and assist in educational and training activities identified as critical skills needs for future workforce development at Department research and development facilities.''.

(c) EDUCATIONAL PARTNERSHIPS.—Section 3166(b) of the Department of Energy Science Education Enhancement Act (42 U.S.C. 7381c(b)) is amended—

(1) by striking paragraph (1) and inserting the following:

''(1) loaning or transferring equipment to the institution;'';

(2) in paragraph (5), by striking ''and'' at the end;

(3) in paragraph (6), by striking the period at the end and inserting ''; and''; and

(4) by adding at the end the following:

''(7) providing funds to educational institutions to hire personnel to facilitate interactions between local school systems, Department research and development facilities, and corporate and governmental entities.''.

(d) DEFINITION OF DEPARTMENT RESEARCH AND DEVELOPMENT FACILITIES.—Section 3167(3) of the Department of Energy Science Education Enhancement Act (42 U.S.C. 7381d(3)) is amended by striking ''from the Office of Science of the Department of Energy'' and inserting ''by the Department of Energy''.

(e) STUDY.—

(1) IN GENERAL.—The Secretary shall enter into an arrangement with the National Academy of Public Administration to conduct a study of the priorities, quality, local and regional flexibility, and plans for educational programs at Department research and development facilities.

(2) INCLUSION.—The study shall recommend measures that the Secretary may take to improve Department-wide coordination of educational, workforce development, and critical skills development activities.

(3) REPORT.—Not later than 2 years after the date of enactment of this Act, the Secretary shall submit to Congress a report on the results of the study conducted under this subsection.

On page 599, line 15, insert ''(as amended by section 1103(a))'' after ''7381a)''.

On page 599, line 17, strike ''(c)'' and insert ''(d)''.

On page 686, line 3, insert ''by the Commission'' after ''request''.

On page 755, after line 25, add the following:

**SEC. 13___. STUDY OF LINK BETWEEN ENERGY SECURITY AND INCREASES IN VEHICLE MILES TRAVELED.**

(a) IN GENERAL.—The Secretary shall enter into an arrangement with the National Academy of Sciences under which the Academy shall conduct a study to assess the implications on energy use and efficiency of land development patterns in the United States.

(b) SCOPE.—The study shall consider—

(1) the correlation, if any, between land development patterns and increases in vehicle miles traveled;

(2) whether petroleum use in the transportation sector can be reduced through changes in the design of development patterns;

(3) the potential benefits of—

(A) information and education programs for State and local officials (including planning officials) on the potential for energy savings through planning, design, development, and infrastructure decisions;

(B) incorporation of location efficiency models in transportation infrastructure planning and investments; and

(C) transportation policies and strategies to help transportation planners manage the demand for the number and length of vehicle trips, including trips that increase the viability of other means of travel; and

(4) such other considerations relating to the study topic as the National Academy of Sciences finds appropriate.

(c) REPORT.—Not later than 2 years after the date of enactment of this Act, the National Academy of Sciences shall submit to the Secretary and Congress a report on the study conducted under this section.

**SEC. 13___. STUDY OF AVAILABILITY OF SKILLED WORKERS.**

(a) IN GENERAL.—The Secretary shall enter into an arrangement with the National Academy of Sciences under which the National Academy of Sciences shall conduct a study of the short-term and long-term availability of skilled workers to meet the energy and mineral security requirements of the United States.

(b) INCLUSIONS.—The study shall include an analysis of—

(1) the need for and availability of workers for the oil, gas, and mineral industries;

(2) the availability of skilled labor at both entry level and more senior levels; and

(3) recommendations for future actions needed to meet future labor requirements.

(c) REPORT.—Not later than 2 years after the date of enactment of this Act, the Secretary shall submit to Congress a report that describes the results of the study.

## NOTICES OF HEARINGS/MEETINGS

### COMMITTEE ON ENERGY AND NATURAL RESOURCES

Mr. DOMENICI. Mr. President, I would like to announce for the information of the Senate and the public that an oversight hearing has been scheduled before the Committee on Energy and Natural Resources on Tuesday, July 19, at 10 a.m. in Room SD–366 of the Dirksen Senate Office Building in Washington, DC.

The purpose of the oversight hearing is to receive testimony regarding the effects of the U.S. nuclear testing program on the Marshall Islands.

Because of the limited time available for the hearing, witnesses may testify by invitation only. However, those wishing to submit written testimony for the hearing record should send two copies of their testimony to the Committee on Energy and Natural Resources, United States Senate, Washington, D.C. 20510–6150.

## AUTHORITY FOR COMMITTEES TO MEET

### COMMITTEE ON AGRICULTURE, NUTRITION, AND FORESTRY

Mr. INHOFE. Mr. President, I ask unanimous consent that the committee on Agriculture, Nutrition and Forestry be authorized to conduct a hearing during the session of the Senate on Wednesday, June 22, 2005 at 10 a.m. in SR–328A, Russell Senate Office Building. The purpose of this hearing will be to consider the nomination of Dr. Richard A. Raymond to be Under Secretary for food safety at the United States Department of Agriculture.

The PRESIDING OFFICER. Without objection, it is so ordered.

### COMMITTEE ON AGRICULTURE, NUTRITION, AND FORESTRY

Mr. INHOFE. Mr. President, I ask unanimous consent that the committee on Agriculture, Nutrition and Forestry be authorized to conduct a hearing during the session of the Senate at 10:30 a.m. on Wednesday, June 22, 2005, in SR–328A, Russell Senate Office Building. The purpose of this hearing will be to review the Livestock Manadatory Reporting Act 1999.

The PRESIDING OFFICER. Without objection, it is so ordered.

### COMMITTEE ON FOREIGN RELATIONS

Mr. INHOFE. Mr. President, I ask unanimous consent that the Committee on Foreign Relations be authorize to meet during the session of the Senate on Wednesday, June 22, 2005 at 9:30 a.m. to hold a business meeting.

The PRESIDING OFFICER. Without objection, it is so ordered.

### COMMITTEE ON HOMELAND SECURITY AND GOVERNMENTAL AFFAIRS

Mr. INHOFE. Mr. President, I ask unanimous consent that the Committee on Homeland Security and Governmental Affairs be authorized to meet on Wednesday, June 22, 2005, at 10 a.m. to hold a business meeting to consider pending committee business.

AGENDA

LEGISLATION

S. 662, Postal Accountability Enhancement Act; S. 457, Purchase Card Waste Elimination Act; S. 611, Emergency Medical Services Support Act; S. 37, a bill to extend the special postage stamp for breast cancer research for two years.

POST OFFICE NAMING BILLS

H.R. 1460, a bill to designate the facility of the U.S. Postal Service located at 6200 Rolling Road in Springfield, VA, as the ''Captain Mark Stubenhofer Post Office Building''.

S. 590/H.R. 1236, a bill to designate the facility of the U.S. Postal Service located at 750 4th Street in Sparks, NV, as the ''Mayor Tony Armstrong Memorial Post Office''.

S. 571, a bill to designate the facility of the U.S. Postal Service located at 1915 Fulton Street in Brooklyn, NY, as the ''Congresswoman Shirley A. Chisholm Post Office Building''.

S. 892/H.R. 324, a bill to designate the facility of the U.S. Postal Service located at 321 Montgomery Road in Altamonte Springs, FL, as the ''Arthur Stacey Mastrapa Post Office Building''.

S. 867/H.R. 289, a bill to designate the facility of the U.S. Postal Service located at 8200 South Vermont Avenue in Los Angeles, CA, as the ''Sergeant First Class John Marshall Post Office Building''.

S. 1207/H.R. 120, a bill to designate the facility of the U.S. Postal Service located at 20777 Rancho California Road in Temecula, CA, as the ''Dalip Singh Saund Post Office Building''.

S. 775, a bill to designate the facility of the U.S. Postal Service located at 123 West 7th Street in Holdenville, OK, as the ''Boone Pickens Post Office''.

S. 1206/H.R. 504, a bill to designate the facility of the U.S. Postal Service located at 4960 West Washington Boulevard in Los Angeles, CA, as the ''Ray Charles Post Office Building''.

H.R. 1001, a bill to designate the facility of the U.S. Postal Service located at 301 South Heatherwilde Boulevard in Pflugerville, TX, as the ''Sergeant Byron W. Norwood Post Office Building.''

HR. 1072, a bill to designate the facility of the U.S. Postal Service located at 151 West End Street in Goliad, TX, as the ''Judge Emilio Vargas Post Office Building.''

S. 904, a bill to designate the facility of the U.S. Postal Service located at 1560 Union Valley Road in West Milford, NJ, as the ''Brian P. Parrello Post Office Building.''

HR. 1542, a bill to designate the facility of the U.S. Postal Service located at 695 Pleasant Street in New Bedford, MA, as the ''Honorable Judge George N. Leighton Post Office Building.''

H.R. 1082, a bill to designate the facility of the U.S. Postal Service located at 120 East Illinois Avenue in Vinita, OK, as the ''Francis C. Goodpaster Post Office Building.''

H.R. 1524, a bill to designate the facility of the U.S. Postal Service at 12433 Antioch Road in Overland Park, KS, as the ''Ed Eilert Post Office Building.''

H.R. 627, a bill to designate the facility of the U.S. Postal Service located at 40 Putnam Avenue in Hamden, CT, as the ''Linda White-Epps Post Office.''

H.R. 2326, a bill to designate the facility of the U.S. Postal Service located at 614 West Old County Road in Belhaven, NC, as the ''Floyd Lupton Post Office.''

NOMINATIONS

Linda M. Combs to be Controller, Office of Federal Financial Management, Office of Management and Budget.

Linda M. Springer to be Director, Office of Personnel Management.

Laura A. Cordero to be Associate Judge, Superior Court of the District of Columbia.

Noel Anketell Kramer to be Associate Judge, District of Columbia Court of Appeals.

The PRESIDING OFFICER. Without objection, it is so ordered.

COMMITTEE ON INDIAN AFFAIRS

Mr. INHOFE. Mr. President, I would like to announce that the Committee on Indian Affairs will meet on Wednesday, June 22, 2005, at 9:30 a.m. in Room 216 of the Hart Senate Office Building to conduct an oversight hearing on the In Re Tribal Lobbying Matters, et al.

Those wishing additional information may contact the Indian Affairs Committee at 224–2251.

The PRESIDING OFFICER. Without objection, it is so ordered.

SELECT COMMITTEE ON INTELLIGENCE

Mr. INHOFE. Mr. President, I ask unanimous consent that the Select Committee on Intelligence be authorized to meet during the session of the Senate on June 22, 2005 at 2:30 p.m. to hold a closed briefing.

The PRESIDING OFFICER. Without objection, it is so ordered.

## PRIVILEGE OF THE FLOOR

Mr. BOND. Mr. President, I ask unanimous consent that John Stoody, an EPW fellow in my office, be granted floor privileges during the pendency of this legislation.

The PRESIDING OFFICER. Without objection, it is so ordered.

Mr. OBAMA. Mr. President, I ask unanimous consent that Pat Haman on my staff, detailed from EPA, be granted floor privileges for the duration of the debate on this amendment.

The PRESIDING OFFICER. Without objection, it is so ordered.

Mr. BINGAMAN. Mr. President, I ask unanimous consent that Dr. Jana Davis, an AAAS science fellow in Senator LAUTENBERG's office, be granted floor privileges during the consideration of H.R. 6.

The PRESIDING OFFICER. Without objection, it is so ordered.

## HONORING THE SIGMA CHI FRATERNITY ON THE OCCASION OF ITS 150TH ANNIVERSARY

Mr. FRIST. Madam President, I ask unanimous consent the Judiciary Committee be discharged and the Senate proceed to the immediate consideration of H. Con. Res. 163.

The PRESIDING OFFICER. Without objection, it is so ordered. The clerk will report the concurrent resolution by title.

The legislative clerk read as follows:

A concurrent resolution (H. Con. Res. 163) honoring the Sigma Chi Fraternity on the occasion of its 150th Anniversary.

There being no objection, the Senate proceeded to consideration of the concurrent resolution.

Mr. ENZI. Mr. President, it gives me a great deal of pleasure to bring before the Senate a resolution honoring Sigma Chi on the occasion of its 150th anniversary.

I am especially pleased to do so because I am a member of that organization. I am very proud of that, and of my association with the people who have made Sigma Chi what it is today and has been for 150 years.

Pay a quick visit to any college campus in the country and you will see a number of fraternities in residence that are working to help support their members and be a force for change in the world. They are good organizations, and they offer a lot to those who enroll, but, even given my bias in favor of Sigma Chi, I don't think there is any question that Sigma Chi has been one of the best of the bunch for many, many years.

Sigma Chi was founded in 1855 at Miami University in Ohio by seven friends who wanted to provide a better fraternity experience at their school. The seven joined together to pursue their dream of a fraternity that would be an ''association for the development of the nobler powers of the mind, the finer feelings of the heart, and for the promotion of friendship and congeniality of feeling.''

That effort succeeded beyond their wildest dreams and today, that one chapter has grown to more than 200 with over 200,000 active members across the United States and Canada. Each chapter exists to promote each member's active pursuit of an education on campus and, off campus, it encourages them to get involved in the day to day life of the community that surrounds their school. That has enabled Sigma Chi to produce leaders committed to making a difference in the world using their God-given talents and abilities and the education they have received in college. Simply put, Sigma Chi people are committed to making the world a better place for us all to live by encouraging everyone to get involved.

Fraternities have traditionally provided an important source of support for many people who are away from home for an extended period of time—some for the first time in their lives. Sigma Chi has a 150-year history of being an important part of the social network that exists to make campus life better. Thanks to Sigma Chi, the friends you make, the support you receive, and the camaraderie you develop lasts a lifetime.

Congratulations, Sigma Chi. You have a history of helping to develop leaders who have produced results that have changed the world. Your future is bright and full of promise. The roster of those who have belonged to Sigma Chi is long and impressive. I know I'm in good company with my Sigma Chi brothers and I'm proud to be a part of it all.

I ask unanimous consent to print the following in the RECORD.

There being no objection, the material was ordered to be printed in the RECORD, as follows:

FAMOUS SIGMA CHI'S

John Wayne, motion picture actor; David Letterman, talk show host; Brad Pitt, television and movie actor; Carson Daly, MTV personality; Tom Selleck, television and movie actor; Matt Groening, creator of The Simpsons; Eddie Murphy, actor and comedian; Woody Harrelson, motion picture actor; Warren Beatty, motion picture actor and producer; Brian Dennehy, motion picture actor; Clarence Gilyard, Jimmy Trivette on ''Walker Texas Ranger''; Woody Hayes, former Ohio State football coach; Bud Adams, owner of the Tennessee Titans; Jim Palmer, Hall of Fame baseball pitcher; Mike Ditka, Super Bowl winning coach of the Chicago Bears; Mike Holmgren, Super Bowl winning coach of the Green Bay Packers; Drew Brees, quarterback for the San Diego Chargers; Jim Everett, former quarterback of the New Orleans Saints and Robert Griese, Super Bowl winning quarterback of the Miami Dolphins.

Kliff Kingsbury, former Texas Tech quarterback; Eddie Sutton, Oklahoma State basketball coach; James Brady, Press Secretary for President Reagan who was shot during Reagan's assasination attempt; Barry Goldwater, Arizona Senator and 1968 Republican Presidential Candidate; Grover Cleveland, President of the United States; Frank Murphy, U.S. Supreme Court Judge; William Marriott, President & CEO of Marriott Hotel Corp.; Michael D. Rose, CEO of Holiday Corp., parent company of Holiday Inns; Richard Nunis, chairman of Walt Disney Attractions; Carl Bausch, chairman of Bausch Lomb; John Gingrich, CEO of Nestle; Ben Wells, president of 7–Up Co.; James Barksdale, CEO of Netscape Communications; Steven Lew, CEO of Universal Studios; Charles Weaver, CEO of the Clorox Company; John Madigan, president of The Tribune Company; Ted Rogers, president of Rogers Communications; Lod Cook, CEO of ARCO and John Young, America's most experienced astronaut.

Greg Harbaugh, U.S. Space Shuttle astronaut; Gavin & Joe Maloof, owners of the Sacremento Kings; Barry Ackerley, owner of the Seattle Supersonics; Bob McNair, owner of the Houston Texans; Mark DeRosa, Atlanta Braves infielder; Hank Stram, Super Bowl winning coach of the Kansas City Chiefs; Dennis Swanson, president of ABC Sports; Patrick Muldoon, actor on ''Days of our Lives''; Merlin Olsen, former football player and actor; Ted McGinley, actor on ''Married with Children''; William Christopher, actor on ''M.A.S.H.''; Rip Torn, motion picture actor; Mike Peters, Pulizer Prize cartoonist of ''Mother Goose and Grimm''; Alan Sugg, president of the University of Arkansas System; General Merrill McPeak, Chief of Staff, U.S. Air Force; H. Jackson Brown Jr., best-selling author of ''Life's Little Instruction Book''; Gordon Gould, primary inventor of the laser; and Dr. William DeVries, pioneering surgeon of the artificial heart.

Mr. FRIST. I ask unanimous consent the resolution be agreed to, the preamble be agreed to, the motion to reconsider be laid on the table, and any statements relating to the resolution be printed in the RECORD.

The PRESIDING OFFICER. Without objection, it is so ordered.

The concurrent resolution (H. Con. Res. 163) was agreed to.

The preamble was agreed to.

## CONGRATULATING SMALL BUSINESS DEVELOPMENT CENTERS

Mr. FRIST. Madam President, I ask unanimous consent the Small Business Committee be discharged from further consideration of S. Res. 165, and the Senate now proceed to its immediate consideration.

The PRESIDING OFFICER. Without objection it is so ordered. The clerk will report the resolution by title.

The legislative clerk read as follows:

A resolution (S. Res. 165) congratulating the Small Business Development Centers of the Small Business Administration on their 25 years of service to America's small business owners and entrepreneurs.

There being no objection, the Senate proceeded to consider the resolution.

Mr. FRIST. I ask unanimous consent that the resolution be agreed to, the preamble be agreed to, and the motion to reconsider be laid on the table.

The PRESIDING OFFICER. Without objection, it is so ordered.

The resolution (S. Res. 165) was agreed to.

The preamble was agreed to.

The resolution, with its preamble, reads as follows:

S. RES. 165

Whereas in 1980, Congress established the Small Business Development Center program to deliver management and technical assistance counseling and provide educational programs to prospective and existing small business owners;

Whereas over the last 25 years, the Small Business Development Center network counseled and trained more than 11,000,000 small business owners and entrepreneurs, helping small businesses start and grow and create jobs in the United States;

Whereas the Small Business Development Centers exemplify the partnership between private sector institutions of higher education and Government, working together to support small businesses and entrepreneurship;

Whereas the Small Business Development Centers have been a critical partner in the start-up and growth of the Nation's small businesses;

Whereas in 2004, the Small Business Development Centers counseled and trained approximately 750,000 new and existing small businesses;

Whereas the Small Business Development Centers deliver specialized assistance through a network of 63 lead centers and more than 1,100 service locations, in all 50 States, the District of Columbia, Puerto Rico, the Virgin Islands, Guam, and American Samoa;

Whereas the Small Business Development Centers provide assistance tailored to the local community and the needs of the client, including counseling and training on financial management, marketing, production and organization, international trade assistance, procurement assistance, venture capital formation, and rural development, among other services that improve the economic environment in which small businesses compete;

Whereas in 2003, the Small Business Development Center's in-depth counseling helped small businesses generate nearly $6,000,000,000 in revenues and save an additional $7,000,000,000 in sales;

Whereas in 2003, the Small Business Development Centers helped create and retain over 163,000 jobs across the United States; and

Whereas the Small Business Development Centers proudly celebrate 25 years of service to America's small business owners and entrepreneurs: Now, therefore, be it

*Resolved*, That the Senate—

(1) congratulates the Small Business Development Centers of the Small Business Administration on their 25 years of service to America's small business owners and entrepreneurs;

(2) recognizes their service in helping America's small businesses start, grow, and flourish; and

(3) directs the Secretary of the Senate to transmit an enrolled copy of this resolution to the Association for Small Business Development Centers for appropriate display.

## SUPPORTING THE GOALS AND IDEAS OF NATIONAL TIME OUT DAY

Mr. FRIST. Madam President, I ask unanimous consent that the HELP Committee be discharged from further consideration of S. Res. 40, and the Senate then proceed to its immediate consideration.

The PRESIDING OFFICER. Without objection, it is so ordered. The clerk will report the resolution by title.

The legislative clerk read as follows:

A resolution (S. Res. 40) supporting the goals and ideas of National Time Out Day to promote the adoption of the Joint Commission on Accreditation of Healthcare Organizations' universal protocol for preventing errors in the operating room.

There being no objection the Senate proceeded to consider the resolution.

Mr. FRIST. I ask unanimous consent the resolution and preamble be agreed to en bloc, and motions to reconsider be laid on the table en bloc, and that any statements be printed in the RECORD.

The PRESIDING OFFICER. Without objection, it is so ordered.

The resolution (S. Res. 40) was agreed to.

The preamble was agreed to.

The resolution, with its preamble, reads as follows:

S. RES. 40

Whereas according to an Institute of Medicine report entitled ''To Err is Human: Building a Safer Health System'', published in 2000, between 44,000 and 98,000 hospitalized people in the United States die each year due to medical errors, and untold thousands more suffer injury or illness as a result of preventable errors;

Whereas there are more than 40,000,000 inpatient surgery procedures and 31,000,000 outpatient surgery procedures performed annually in the United States;

Whereas for the first time, nurses, surgeons, and hospitals throughout the country are being required by the Joint Commission on Accreditation of Healthcare Organizations to adopt a common set of operating room procedures in order to help curb the alarming number of deaths and injuries due to medical errors;

Whereas the Joint Commission on Accreditation of Healthcare Organizations has developed a universal protocol, endorsed by more than 50 national healthcare organizations, which calls for surgical teams to call a ''time out'' before surgeries begin in order to verify the patient's identity, the procedure to be performed, and the site of the procedure;

Whereas 4,579 accredited hospitals, 1,261 ambulatory care facilities, and 131 accredited office-based surgery centers were required by the Joint Commission on Accreditation of Healthcare Organizations to adopt the universal protocol beginning July 1, 2004;

Whereas the Association of periOperative Registered Nurses has created an Internet website and distributed 55,000 tool kits to healthcare professionals throughout the country to assist them in implementing the universal protocol; and

Whereas the Association of periOperative Registered Nurses, the Joint Commission on Accreditation of Healthcare Organizations, the American College of Surgeons, the American Society of Anesthesiologists, the American Hospital Association, and the American Society for Healthcare Risk Management celebrate National Time Out Day on June 22, 2005, to promote the adoption of the Joint Commission on Accreditation of Healthcare Organizations' universal protocol for preventing errors in the operating room: Now, therefore, be it

*Resolved*, That the Senate—

(1) supports the goals and ideas of National Time Out Day, as designated by the Association of periOperative Registered Nurses and endorsed by the American College of Surgeons, the American Society of Anesthesiologists, the American Hospital Association, and the American Society for Healthcare Risk Management, to promote the adoption of the Joint Commission on Accreditation of Healthcare Organizations' universal protocol for preventing errors in the operating room; and

(2) congratulates perioperative nurses and representatives of surgical teams for working together to reduce medical errors to ensure the improved health and safety of surgical patients.

## EXPRESSING THE SENSE OF THE SENATE REGARDING THE MASSACRE AT SREBENICA IN JULY 1995

Mr. FRIST. Madam President, I ask unanimous consent that the Foreign Relations Committee be discharged from further consideration of S. Res. 134, and the Senate proceed to its immediate consideration.

The PRESIDING OFFICER. Without objection, it is so ordered.

The clerk will report the resolution by title.

The legislative clerk read as follows:

A resolution (S. Res. 134) expressing the sense of the Senate regarding the massacre at Srebenica in July 1995.

There being no objection, the Senate proceeded to consider the resolution.

Mr. FRIST. I ask unanimous consent the resolution be agreed to, the preamble be agreed to, and the motion to reconsider be laid upon the table.

The PRESIDING OFFICER. Without objection, it is so ordered.

The resolution (S. Res. 134) was agreed to.

The preamble was agreed to.

The resolution, with its preamble, reads as follows:

S. RES. 134

Whereas, in July 1995, thousands of men and boys who had sought safety in the United Nations-designated ''safe area'' of Srebrenica in Bosnia and Herzegovina under the protection of the United Nations Protection Force (UNPROFOR) were massacred by Serb forces operating in that country;

Whereas, beginning in April 1992, aggression and ethnic cleansing perpetrated by Bosnian Serb forces, while taking control of the surrounding territory, resulted in a massive influx of Bosniaks seeking protection in Srebrenica and its environs, which the United Nations Security Council designated a ''safe area'' in Security Council Resolution 819 on April 16, 1993;

Whereas the UNPROFOR presence in Srebrenica consisted of a Dutch peacekeeping battalion, with representatives of the United Nations High Commissioner for Refugees, the International Committee of the Red Cross, and the humanitarian medical aid agency Medecins Sans Frontiers (Doctors Without Borders) helping to provide humanitarian relief to the displaced population living in conditions of massive overcrowding, destitution, and disease;

Whereas Bosnian Serb forces blockaded the enclave early in 1995, depriving the entire population of humanitarian aid and outside communication and contact, and effectively reducing the ability of the Dutch peacekeeping battalion to deter aggression or otherwise respond effectively to a deteriorating situation;

Whereas, beginning on July 6, 1995, Bosnian Serb forces attacked UNPROFOR outposts, seized control of the isolated enclave, held captured Dutch soldiers hostage and, after skirmishes with local defenders, ultimately took control of the town of Srebrenica on July 11, 1995;

Whereas an estimated one-third of the population of Srebrenica, including a relatively small number of soldiers, made a desperate attempt to pass through the lines of Bosnian Serb forces to the relative safety of Bosnian-held territory, but many were killed by patrols and ambushes;

Whereas the remaining population sought protection with the Dutch peacekeeping battalion at its headquarters in the village of Potocari north of Srebrenica but many of these individuals were randomly seized by Bosnian Serb forces to be beaten, raped, or murdered;

Whereas Bosnian Serb forces deported women, children, and the elderly in buses, held Bosniak males over 16 years of age at collection points and sites in northeastern Bosnia and Herzegovina under their control, and then summarily murdered and buried the captives in mass graves;

Whereas approximately 20 percent of Srebrenica's total population at the time—at least 7,000 and perhaps thousands more—was murdered;

Whereas the United Nations and its member states have largely acknowledged their failure to take actions and decisions that could have deterred the assault on Srebrenica and prevented the subsequent massacre, including the lengthy report issued by the Government of the Netherlands on April 10, 2002, entitled ''Srebrenica, a 'safe' area—Reconstruction, background, consequences and analyses of the fall of a safe area'';

Whereas Bosnian Serb forces, hoping to conceal evidence of the massacre at Srebrenica, subsequently moved corpses from initial mass grave sites to many secondary sites scattered throughout parts of northeastern Bosnia and Herzegovina under their control;

Whereas the massacre at Srebrenica was among the worst of many horrible atrocities to occur in the conflict in Bosnia and Herzegovina from April 1992 to November 1995, during which the policies of aggression and ethnic cleansing pursued by Bosnian Serb forces with the direct support of authorities in the Federal Republic of Yugoslavia (Serbia and Montenegro) ultimately led to the displacement of more than 2,000,000 people, an estimated 200,000 killed, tens of thousands raped or otherwise tortured and abused, and the innocent civilians of Sarajevo and other urban centers repeatedly subjected to shelling and sniper attacks;

Whereas Article 2 of the Convention on the Prevention and Punishment of the Crime of Genocide, done at Paris December 9, 1948, and entered into force January 12, 1951, defines genocide as ''any of the following acts committed with intent to destroy, in whole or in part, a national, ethnical, racial or religious group, as such: (a) killing members of the group; (b) causing serious bodily or mental harm to members of the group; (c) deliberately inflicting on the group conditions of life calculated to bring about its physical destruction in whole or in part; (d) imposing measures intended to prevent births within the group; (e) forcibly transferring children of the group to another group'';

Whereas, on May 25, 1993, the United Nations Security Council adopted Security Council Resolution 827, establishing the world's first international war crimes tribunal, the International Criminal Tribunal for the former Yugoslavia (ICTY), based in The Hague, the Netherlands, and charging the ICTY with responsibility for investigating and prosecuting individuals suspected of committing war crimes, genocide, crimes against humanity, and grave breaches of the 1949 Geneva Conventions on the territory of the former Yugoslavia since 1991;

Whereas numerous members of the Bosnian Serb forces and political leaders at various levels of responsibility have been indicted for grave breaches of the 1949 Geneva Conventions, violations of the laws or customs of war, crimes against humanity, genocide, and complicity in genocide associated with the massacre at Srebrenica, some of whom have been tried and sentenced while others, including Radovan Karadzic and Ratko Mladic, remain at large; and

Whereas the international community, including the United States, has continued to provide personnel and resources, including through direct military intervention, to prevent further aggression and ethnic cleansing, to negotiate and help ensure the full implementation of the General Framework Agreement for Peace in Bosnia and Herzegovina, initialled at Dayton, Ohio, November 21, 1995, and done at Paris December 14, 1995, including cooperation with the International Criminal Tribunal for the former Yugoslavia: Now, therefore, be it

*Resolved,* That it is the sense of the Senate that—

(1) the thousands of innocent people murdered at Srebrenica in Bosnia and Herzegovina in July 1995, along with all individuals who were victimized during the conflict and genocide in Bosnia and Herzegovina from 1992 to 1995, should be solemnly remembered and honored;

(2) the policies of aggression and ethnic cleansing as implemented by Serb forces in Bosnia and Herzegovina from 1992 to 1995 meet the terms defining the crime of genocide in Article 2 of the Convention on the Prevention and Punishment of the Crime of Genocide, done at Paris December 9, 1948, and entered into force January 12, 1951;

(3) foreign nationals, including United States citizens, who have risked, and in some cases lost, their lives in Bosnia and Herzegovina while working toward peace should be solemnly remembered and honored;

(4) the United Nations and its member states should accept their share of responsibility for allowing the Srebrenica massacre and genocide to occur in Bosnia and Herzegovina from 1992 to 1995 by failing to take sufficient, decisive, and timely action, and the United Nations and its member states should constantly seek to ensure that this failure is not repeated in future crises and conflicts;

(5) it is in the national interest of the United States that those individuals who are responsible for war crimes, genocide, crimes against humanity, and grave breaches of the 1949 Geneva Conventions committed in Bosnia and Herzegovina should be held accountable for their actions;

(6) all persons indicted by the International Criminal Tribunal for the former Yugoslavia (ICTY) should be apprehended and transferred to The Hague without further delay, and all countries should meet their obligations to cooperate fully with the ICTY at all times; and

(7) the United States should continue to support—

(A) the independence and territorial integrity of Bosnia and Herzegovina;

(B) peace and stability in southeastern Europe as a whole; and

(C) the right of all people living in southeastern Europe, regardless of national, racial, ethnic or religious background—

(i) to return to their homes and enjoy the benefits of democratic institutions, the rule of law, and economic opportunity; and

(ii) to know the fate of missing relatives and friends.

## PATIENT NAVIGATOR OUTREACH AND CHRONIC DISEASE PREVENTION ACT OF 2005

Mr. FRIST. I ask unanimous consent the HELP Committee be discharged from consideration of H.R. 1812, and the Senate then proceed to its immediate consideration.

The PRESIDING OFFICER. Without objection, it is so ordered.

The clerk will report the bill by title.

The legislative clerk read as follows:

A bill (H.R. 1812) to amend the Public Health Service Act to authorize a demonstration grant program to provide patient navigator services to reduce barriers and improve health care outcomes, and for other purposes.

There being no objection, the Senate proceeded to consider the bill.

Mr. FRIST. I ask unanimous consent the bill be read the third time and passed, the motion to reconsider be laid upon the table, and any statements be printed in the RECORD.

The PRESIDING OFFICER. Without objection, it is so ordered.

The bill (H.R. 1812) was read the third time and passed.

## ORDERS FOR THURSDAY, JUNE 23, 2005

Mr. FRIST. Madam President, I ask unanimous consent when the Senate completes its business today, it stand in adjournment until 9 a.m. on Thursday, June 23. I further ask that following the prayer and pledge, the morning hour be deemed expired, and the Journal of proceedings be approved to date, the time for the two leaders be reserved, and the Senate then resume consideration of H.R. 6, the Energy bill; provided that the time until 10 a.m. be equally divided between the chairman and the ranking member of the Energy Committee, or their designees; provided further that at 10 a.m. the Senate proceed to the cloture vote on the Energy bill.

I further ask that notwithstanding the provisions of rule XXII, the filing deadline for second-degree amendments occur at 9:45 a.m. tomorrow morning.

The PRESIDING OFFICER. Without objection, it is so ordered.

## PROGRAM

Mr. FRIST. Tomorrow, the Senate will resume consideration of the Energy bill. At 10 a.m. the Senate will proceed to the cloture vote on the bill. It is my hope and indeed my expectation that cloture will be invoked as we can move closer to passage. Following the cloture vote, we will continue working through amendments to the bill. Several amendments are currently pending, and a number of Senators filed amendments under the cloture deadline. I encourage Senators to show restraint in offering additional amendments. Again, we will complete action on this bill by the week's end.

## ADJOURNMENT UNTIL 9 A.M. TOMORROW

Mr. FRIST. If there is no further business to come before the Senate, I ask unanimous consent the Senate stand in adjournment under the previous order.

There being no objection, the Senate, at 10:21 p.m. adjourned until Thursday, June 23, 2005, at 9 a.m.